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SK reit

ANNUAL REPORT

2022



## DISCLAIMER

- This data on the SK Real Estate Investment Trust (hereinafter "SK REIT") was written based on its status as of the last day of December 2022, and the matters regarding dividends, settlement of accounts, etc., were based on the financial statements from January 2022 to the end of December 2022 audited by an external auditor.
- This data was prepared in order to help understand the management status and plan of SK REIT. Using this data as advertisement materials for investment recommendations is prohibited.
- While the content included in this data is derived from reliable data and information, its accuracy and thoroughness are not guaranteed, and it does not guarantee future performance.
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- Such predictive information uses expressions such as "plan," "prediction," "expectation," "estimate," "target," and similar terms, and such predictive information implies the risk and uncertainty of actual results being significantly different.
- SK REIT and its asset-management company SK REITs Management do not guarantee the performance of SK REIT, the return of principal, or a certain rate of profit.



**SK reit**

**ANNUAL**

**REPORT**

**2022**

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



Quoted on the Korea Stock Exchange in September 2021, SK REIT holds the largest AUM (at KRW 3.1 trillion) and highest credit rating (AA-) in Korea. It is Korea's first listed REIT to have adopted and executed the quarterly dividend policy.

As of the end of December 2022, the AUM total is made up of SK Group's integrated head office building, 'SK Seorin Building,' which is its blue-chip asset, with SK Group as the 100% master tenant, 'SK U-Tower,' which is the head office building of SK Hynix, SK Green Campus 'Jongno Tower,' and SK Energy's '116 gas stations.' SK REIT will continue to grow together with SK Group.

Additionally, SK REIT has secured financing competitiveness by acquiring the highest credit rating (AA-) among Korea's publicly listed REITs, based on its excellence in asset quality and lease structuring.

Going forward, SK REIT will continue to lead the Korean REIT business based on the strong business drive and innovative management strategy that led to becoming the first, the largest, and the highest in its class within a year of listing, and we will commit ourselves to consistently delivering the greatest-possible shareholder value.

The Largest AUM\*

The Highest Credit Rating

The First Listed REIT

**KRW 3.1** trillion

**AA-**

**Execute  
Quarterly  
Dividends**



SK Seorin Building



SK U-Tower



Jongno Tower



SK Energy Gas station

\* Asset Under Management (As of December 31, 2022)

# SK REIT AT A GLANCE

INVESTMENT POINT 01

INVESTMENT POINT 02

INVESTMENT POINT 03

## LEAPING FOR A GLOBAL REIT BEYOND KOREA'S BEST REIT

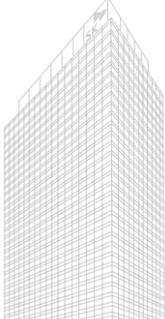
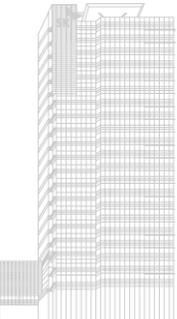
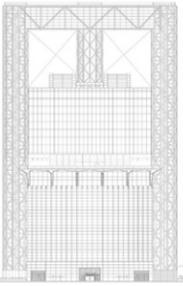
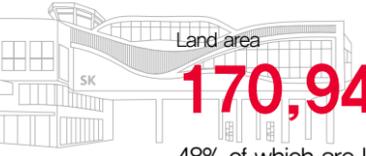
SK REIT has obtained the best credit rating of AA- in the industry based on its high-quality assets of AUM\* at KRW 3.1 trillion, the largest in Korea, and 3 prime offices in key locations and gas stations with a total area of 164,289 m<sup>2</sup> (50,000 py). It will continue to secure new growth power through consistent asset incorporation and will establish stability by diversifying its portfolio.

\* Asset Under Management, Asset Size

<p>AUM Size*</p> <p><b>KRW 3.1 trillion</b></p> 	<p>Company Credit Rating</p> <p><b>AA-</b></p> <p>(NICE Investors Service, Korea Ratings Corporation)</p> 	<p>Number of AUM*</p> <p><b>119</b></p> <p>3 offices 116 gas stations</p> 	<p>Global Index</p> <p><b>FTSE EPRA Nareit</b> Global, Developed Asia, etc.</p> <p><b>FTSE</b> All Cap, Developed, etc.</p> <p><b>MSCI</b> All Cap, ACWI, etc.</p> <p><b>Morningstar</b> Global Markets REIT, etc.</p>
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\* As of December 31, 2022



<p><b>SK Seorin Building</b></p>  <p>Total Floor Area <b>83,828 m<sup>2</sup></b> (25,358 py)</p> <p>Prime-level office space of at least 83,828 m<sup>2</sup> (25,358 py) on the highest floor within the Central Business District (CBD)</p>	<p><b>SK U-Tower</b></p>  <p>Total Floor Area <b>86,804 m<sup>2</sup></b> (26,258 py)</p> <p>Key landmark office within the Bundang (Pangyo) Business District (BBD)</p>
<p><b>Jongno Tower</b></p>  <p>Total Floor Area <b>60,601 m<sup>2</sup></b> (18,332 py)</p> <p>Core landmark office building in CBD Jonggak Station</p>	<p><b>SK Energy Gas Station</b></p>  <p>Land area <b>170,942 m<sup>2</sup></b> (51,710 py)</p> <p>48% of which are located in metropolitan areas and commercial districts with high development potential</p>

\* Right of first offer: Holds that the right of first offer is being negotiated for SKT Tower (Euljiro 1-ga Station) and SKP Tower (Pangyo Techno Valley), respectively located in the center of Seoul and Pangyo, in addition to SK U-Tower, which has already been exercised and closed

# SK REIT AT A GLANCE

INVESTMENT POINT 01

INVESTMENT POINT 02

INVESTMENT POINT 03

## CONTINUOUS PROFIT GENERATED WITH SOLID STABILITY

SK Group is a long-term master tenant of SK REIT, and the weighted average lease expiry is six years. In addition, continuous profit can be generated stably, even during periods of rising interest rates, through the consumer price index (CPI) conjunction.

SK Group as long-term master lease

**100%\***



The weighted average lease expiry

**6 years**

(10 years and four months with application of tenant extension option)



Rent Increase Rate

**CPI-conjunctive**

- SK Seorin Building: Seoul CPI linkage (every year)
- SK U-Tower: Gyeonggi CPI linkage (Every year, max 5.0%)
- Gas stations: Nationwide CPI linkage (Fixed for the first five years, and for every year afterwards)



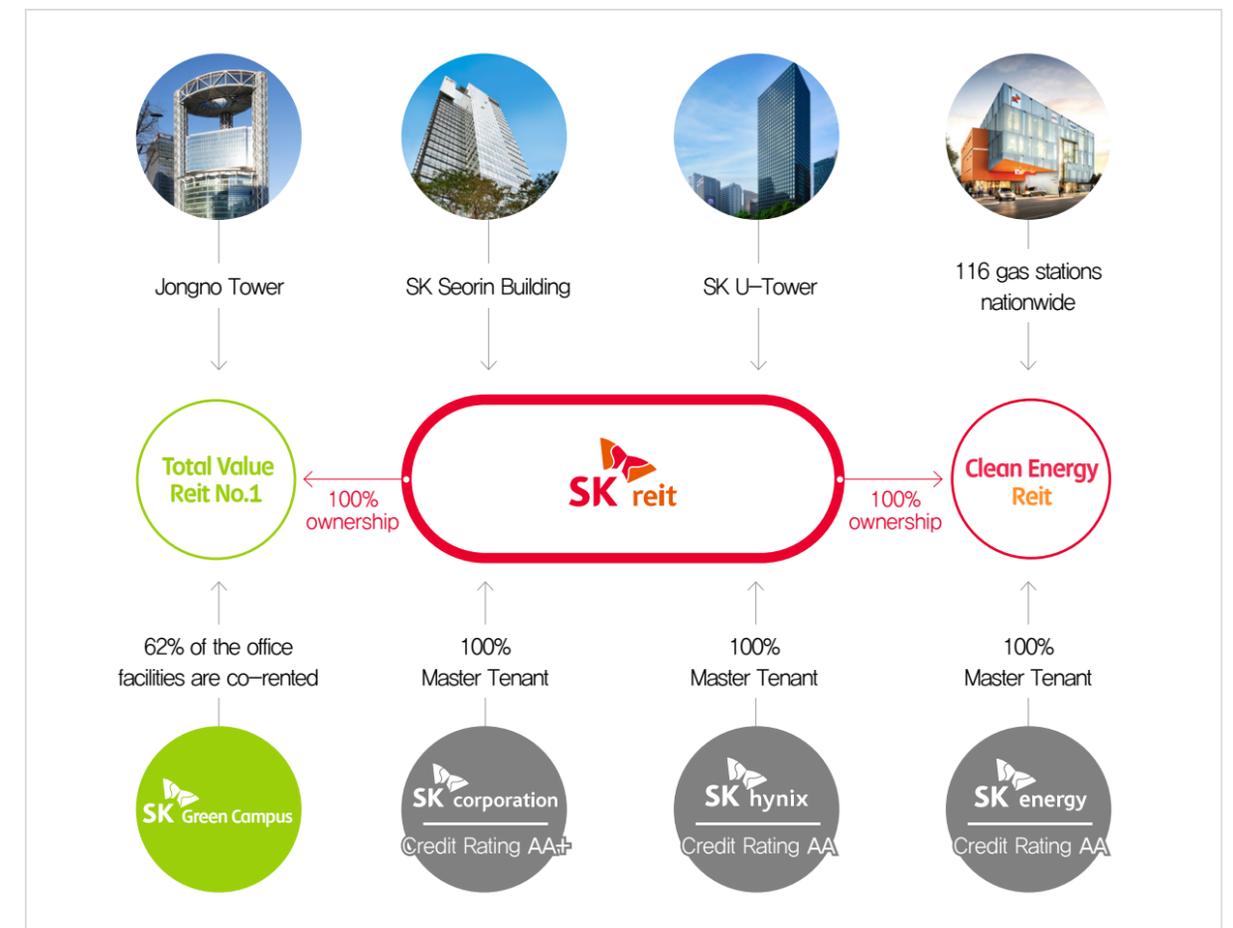
Management Cost Payment

**Triple Net\*\***



\* SK Seorin Building, SK U-Tower, SK Energy Gas Station (Jongno Tower makes up 62% of the office facilities)

\*\* Maintenance cost, insurance premium, public charges and tax burdened by tenant (Only applicable for 100% master lease)



# SK REIT AT A GLANCE

INVESTMENT POINT 01

INVESTMENT POINT 02

INVESTMENT POINT 03

## MAXIMIZATION OF SHAREHOLDER VALUE THROUGH THE INNOVATIVE QUARTERLY DIVIDEND POLICY

SK REIT was first in the industry to establish shareholder-friendly policies that execute quarterly dividends. SK REIT has consistently paid out dividends as promised, and quarterly payments of KRW 66 were approved at the FY7 General Meeting of Shareholders for 2023's dividends.

The First Listed REIT

Execute Quarterly Dividends



Dividend Yield\*

5.28%



Annualized Dividend Per Share

(as of December 31, 2022)

KRW 264



\* As of the end of the reporting period in December 2022 (FY7), (KRW 66 per share X annualization)/offering price per share of KRW 5,000

○ ○ ● Jongno Tower



### Dividend Status



# ABOUT SK REITS MANAGEMENT

ABOUT SK REITS MANAGEMENT

ABOUT OUR SPONSOR

ABOUT OUR TENANTS

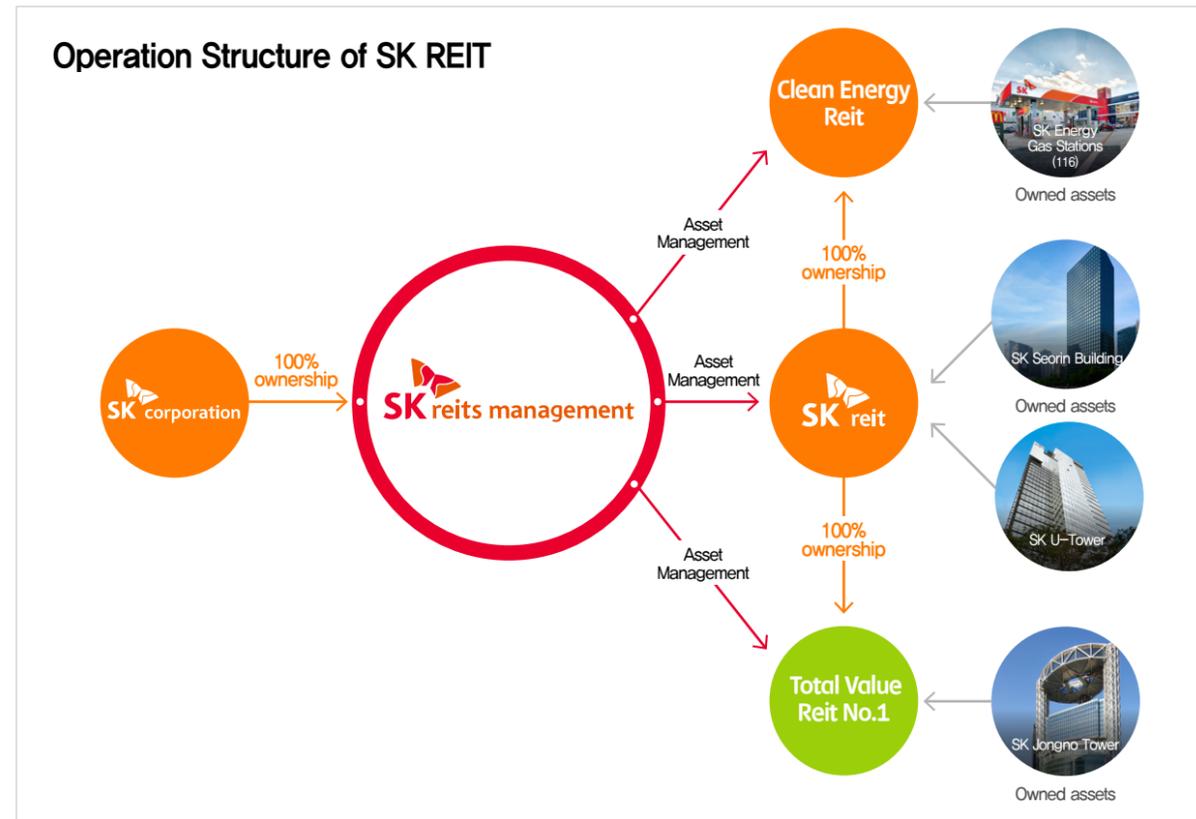
**SK REITs Management is an asset-management company (AMC) that received authorization from the Ministry of Land, Infrastructure, and Transport Transport, and established as a wholly owned subsidiary of SK Inc. in March 2021.**

SK REITs Management is led by real estate experts that oversee the stable growth of SK REIT based on an internal and external asset-incorporation strategy in connection with SK Group's business.

SK REITs Management operates assets entrusted by SK REIT and Total Value Reit No.1. SK REIT owns SK Seorin Building, located in the central business district of Seoul, Jongno-gu, with SK as the master tenant, and it also owns the Bundang SK U-Tower, with SK Hynix as the master tenant.

Total Value Reit No.1 owns Jongno Tower, which is a landmark office building around Jonggak Station. Jongno Tower is used as 'SK Green Campus' by Clean Energy Reit, which owns 116 gas stations nationwide under the brand of Korea's No.1 oil-refining company, SK Energy, serving as the master tenant, along with six companies including SK On, SK Energy, etc. that run SK Group's environment-friendly businesses.

As of the current consolidated sales at the end of December 2022, SK REIT's AUM, managed by SK REITs Management, has captured approximately KRW 3.1 trillion.



2022	Mar 10	May 20	May 26	June 30
	Obtained credit rating of AA- (Stable) from NICE Investors Service (ICR)	Obtained credit rating of AA- (Stable) from Korea Ratings (ICR)	Approved by the Ministry of Land, Infrastructure, and Transport	Acquired SK U-Tower and initiated its master-lease agreement
	AA-	AA-		
			December 19	October 19
			FTSE EPRA Nareit Developed Asia index admission completed	Acquired Jongo Tower and completed its succession of the lease agreement
				Paid-in-capital increase completed
				
2021	Mar 15	June 7	July 6, July 7	Sept 14
	Established SK REIT (600,000 shares, capital of KRW 300 million)	Approved by the Ministry of Land, Infrastructure, and Transport	Acquired SK Seorin Building and 116 SK gas stations, and initiated its master-lease agreement	Listed on the stock market
				

# ABOUT OUR SPONSOR

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

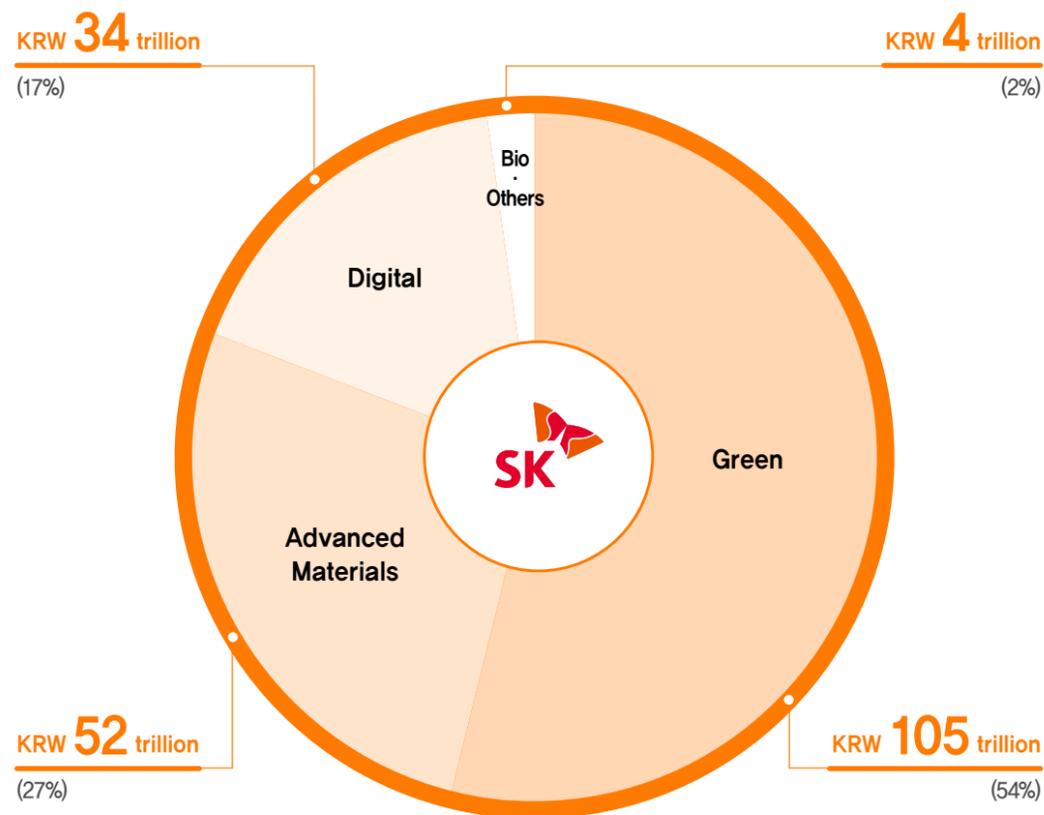
## General Information

SK Group is a large-scale company that ranks No.117 among Fortune's 500 Global Companies of 2022 and No.2 in Korea based on total assets.

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

\*Based on total assets of 76 Korean company organizations subject to disclosure announced by the Fair Trade Commission in May 2022

## SK Group Sales: KRW 158.9 trillion



(As of Dec. 31, 2022)

## Business Classification



### Green

- Future Energy: SKI, E&S, Gas
- Environment: SKEP



### Digital

- ICT: SKT, C&C
- Mobility: SKN



### Advanced Materials

- Semiconductors: SKHY
- Advanced Materials: SKMR, SKSL, SKC



### Bio and Others

- Bio: SK Chemical, SKBP, SK Pharmteco, SK Inc., Discovery

## SK REIT Established as Part of Financial Story

In 2022, SK Group launched its corporate identity as a full-fledged investment-specializing company based on four core businesses, including green, digital, advanced material, and bio. Aiming at stable growth amid change and global crisis, SK Group is promoting steady growth based on its strong financial structure. SK Group establishes sound reliability with interested parties in an effort to maximize shareholder value and secure new growth opportunities in the innovative technology domain and ESG field.

By investment-merchandising its high-quality assets as listed REIT, SK Group has given shape to the notion of social value for a company providing an attractive investment source to investors while simultaneously pursuing REIT business as part of its asset-light policy. As a result, SK REIT is the only Korean sponsor Reit to have achieved incorporation of the group's head office building (SK Seorin Building) as an asset.



# ABOUT OUR TENANTS

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



## Professional value investor that creates a sustainable future

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

Total assets	<b>KRW 194.5trillion</b>
Sales	<b>KRW 134.6trillion</b>
Operating income	<b>KRW 8.0trillion</b>
Credit Rating (NICE Investors Service Feb. 14, 2023)	<b>AA+</b>

(Based on consolidated financial statements as of Dec. 31, 2022)



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

SK Hynix ranks third globally in the DRAM and NAND semiconductor field, recording KRW 44.6 trillion in consolidated sales for 2022. Furthermore, SK Hynix will create additional value by strengthening ESG management that considers social value and healthy company governance.

SK Hynix provides greater value to its stakeholders, such as customers, cooperative companies, regional communities, members, etc., through global tech leadership. Additionally, it makes efforts to become a solution-provider that leads the global ICT ecosystem through hyper-cooperation that breaks the initial mold with global partners.

Total assets	<b>KRW 103.9trillion</b>
Sales	<b>KRW 44.6trillion</b>
Operating income	<b>KRW 6.8trillion</b>
Credit Rating (NICE Investors Service Jun. 30, 2022)	<b>AA</b>

(Based on consolidated financial statements as of Dec. 31, 2022)



## Top energy company in the Asia Pacific region, contributing to the happiness of customers and society through energy

As the No.1 oil refinery that pioneered the industry back in 1962, SK Energy exports various oil products generated at its Ulsan crude-oil refining complex with a capacity of 840,000 barrels per day. SK Energy operates 2,886 gas stations as of the end of 2022, which represents Korea's largest network.

SK Energy plans to maximize profitability through flexible operation, facility optimization, etc., along with adapting to the external environment that is consistently changing. Simultaneously, under the directionality of 'Carbon to Green,' it will give shape to the environment-friendly business model to achieve net zero and proceed with a demonstration of its gas station oil-cell project utilizing accumulated marketing capabilities.

Total assets	<b>KRW 18.1trillion</b>
Sales	<b>KRW 50.3trillion</b>
Operating income	<b>KRW 2.6trillion</b>
Credit Rating (NICE Investors Service Feb. 21, 2023)	<b>AA</b>

(Based on consolidated financial statements as of Dec. 31, 2022)



## SK Green Campus "Over 1,200 employees from six SK-affiliated companies leading environment-friendly, future business development."

In May 2023, SK Group established "SK Green Campus" with the participation of six affiliated companies running various business initiatives to empower environment-friendly businesses. The participant companies are SK E&S, SK Ecoplant, SK Energy, SK Geo Centric, SK On, and SK Forest, all of whom are expected to maximize their business synergy effects with their combined presence in Jongno Tower.

SK REIT completed the purchase of Jongno Tower in October 2022, securing stable profits with SK Group's blue-chip affiliated companies as tenants at SK Green Campus.

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

# LETTER FROM THE CEO

## Dear Shareholders

We are truly grateful for the unwavering faith and consistent support from our esteemed shareholders, which has propelled SK REIT to become a prominent leader in the Republic of Korea's REIT market since its listing on KOSPI in September 2021. Our exponential growth has cemented our role as a national REIT that takes great pride in representing the Republic of Korea.

In the face of challenging market conditions influenced by sharp interest rate surges since 2022, SK REIT has assumed a proactive leadership role within the REIT market. We have diligently pursued innovative financing solutions and strategically integrated blue-chip assets into our ever-growing portfolio. It is with immense pleasure that we share our noteworthy accomplishments throughout 2022 through this letter.

### Korea's No. 1 REIT, offering the highest level of blue-chip real estate assets.

Our portfolio at SK REIT comprises valuable real estate assets that encapsulate the remarkable growth history of the SK Group. We approach the management and stewardship of these assets with utmost gratitude and responsibility. Notably, our holdings include the distinguished Seorin Building—an integrated office building located in Seoul's central business district. We are also honored to oversee SK U-Tower, a notable office building situated in the vibrant Bundang business district, along with the prestigious Jongno Tower, which accommodates esteemed retail tenants in the heart of Seoul. Furthermore, we humbly operate a network of 116 strategically positioned gas stations proudly representing the esteemed SK Energy brand, serving as vital community landmarks nationwide.

Since its inception SK REIT has achieved significant growth, with assets under management reaching KRW 3.1 trillion by the end of 2022, representing an impressive 72% increase from its initial AUM of KRW 1.8 trillion at the time of listing on KOSPI in September 2021. These remarkable achievements are attributed by our diligent efforts, including strategic acquisitions such as SK U-Tower, which not only secured a valuable asset in a IT-centric community but also enabled us to welcome another SK Group Family Company as a blue-chip tenant. Through our commitment to enhancing profitability and fostering sustainable growth, SK REIT has emerged as a leading entity in terms of asset size, further solidifying our position at the forefront of the market.

### A successful industry-first financing method, based on industry-leading credit rating

SK REIT has diligently embraced an advanced investment financing approach for issuing corporate bonds, leveraging its industry-leading credit rating. As a result, we are proud to have achieved a significant milestone in Korea by issuing asset-backed short-term bonds and convertible bonds, thereby reducing interest expense and preparing for possible future corporate bond issuances.

By lowering financing costs, SK REIT has been able to secure rental agreements linked to the rising Customer Price Index, with tenants who is backed by SK Group's exceptional credit rating. Simultaneously, we have implemented a Triple Net structure, ensuring that tenants bear the associated costs and able us to operate our assets with ease. Through responsible, long-term lease agreements, we strive to maintain stability and enhance profitability for our shareholders.

### Preparing the next step as a global REIT – admittance to the FTSE index

On December 20, 2022, SK REIT was admitted to the FTSE EPRA Nareit Index, a globally recognized REIT assessment standard. Despite challenging conditions, we have surpassed industry norms and KOSPI profit rates, solidifying remarkable achievements. This success has attracted foreign investment and led to increased stock prices due to the influence of passive funds tracking the index, resulting in a rise in the foreign shareholder ratio and trading volume. We humbly acknowledge the market's recognition of our efforts and growing confidence in SK REIT.

“ In our pursuit of becoming a global integrated REIT and our continued commitment to enhancing shareholder value in 2023, SKR REIT pledges the following ”



#### We will selectively incorporate highly profitable assets.

As the sponsor REIT of SK Group, SK REIT will actively secure a diverse range of blue-chip assets and pipelines to strengthen our portfolio. This includes semiconductor-related industrial facilities, data centers, and battery-related production facilities. Furthermore, we will prioritize the acquisition of blue-chip offices, subject to the Right-Of-First-Offer, and carefully assess investments to strategically incorporate assets that will have the most positive impact on enhancing shareholder value. Our focus remains on making selective and value-enhancing asset additions.

#### We will secure allocation resources through minimized financing costs.

Building upon our industry-leading credit rating (AA-), SK REIT will continuously explore innovative financing methods to secure reduced costs and maintain dividend payments. At the recent General Meeting of Shareholders, dividends of KRW 66 per quarter were approved, and we remain committed to consistently increasing dividends in the future through ongoing efforts.

#### We will accelerate the value-up status of held assets.

SK REIT pursues the upgrading of conventional single-purpose gas stations to multi-functional complexes and the reorganization of assets centered in the metropolitan area through close discussions with SK Energy regarding the utilization of these properties. We will endeavor to provide a positive effect on expanding the size of dividends and increased rents in the future. Additionally, through discussions on adjusting the layout of the retail sector and increased office rents, efforts will be focused on raising the rents for the newly incorporated Jongno Tower to match the levels of the surrounding market.

### Dear Shareholders and Interested Parties,

In these challenging times for the market, we remain confident that the Korean REIT market will provide a stable foundation for the overall economy once the current crisis is overcome. SK REIT has consistently pursued innovation, resulting in our rise to become the largest REIT in asset size among the listed REITs. We have achieved several notable milestones, including being the first to issue quarterly dividends in Korea, attaining the highest credit rating of (AA-), and successfully issuing asset-backed short-term bonds and convertible bonds. SK REIT is committed to contributing to the growth of the entire Korean listed REIT market, not just within our organization. We aim to stimulate the Korean REIT industry overall and foster a sustainable ecosystem that benefits all stakeholders in the market. Our ultimate goal is to bring absolute happiness to our valued investors.

Thank you for your continued support.

Shin Do-Chul  
CEO, SK REITs Management 

# SK REIT MILESTONES

(As of December 31, 2022)

## March 2022

**Affirmed credit rating of AA–, the highest among all REITs in Korea**

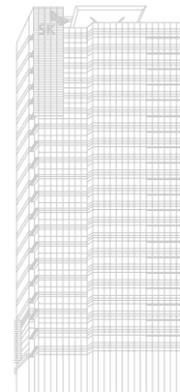
The Highest Credit Rating

**AA–**

SK REIT was the first in the industry to obtain an ICR credit rating of AA– from NICE Investors Service. With this, SK REIT proved the highest level of financial solidity in the industry and increased its financing competitiveness by obtaining the highest credit rating as a listed REIT. Obtaining such a rating was a result that reflected asset growth through the master sponsor and lease, such as SK Group, along with stability and profitability from the master lease, Triple Net, and the lease contract applying rental escalation linked with increased consumer prices.

## June 2022

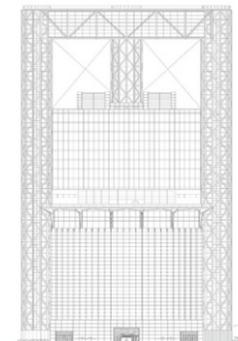
**Acquisition of SK U–Tower in June 2022 through the right of first offer**



SK REIT entered into a real estate sale and leaseback agreement with SK Hynix to acquire SK U–Tower, located in Jeongja–dong, Bundang–gu, Seongnam–si, Gyeonggi–do, for KRW 507.2 billion, and subsequently re–entered into a master–lease agreement with SK Hynix. SK U–Tower is expected to gain additional asset value with both high stability and scarcity. The acquisition of SK U–Tower was the first case of the right of first offer for SK Group assets, and through this, SK REIT rose to No.1 in South Korea in asset size, with AUM of KRW 2.4 trillion.

## October 2022

**Jongno Tower incorporation completed**



SK REIT purchased the representative landmark trophy office building Jongno Tower, located at the center of Seoul's CBD, with a total floor area of 60,601m<sup>2</sup> (18,332 py) on October 19, 2022, for KRW 621.5 billion. Meanwhile, 'SK Green Campus' was created with the participation of six affiliated companies (SK On, SK Energy, EK E&S, SK Gio Centric, SK Ecoplant, and SK Forest) through various environment–friendly business entities to empower the environment–friendly efforts of SK Group, co–renting 62% of the office facilities. With the incorporation of Jongno Tower, SK REIT's AUM total has increased from KRW 2.4 trillion to KRW 3.1 trillion, securing its position as No.1 in the industry.

## December 2022

**FTSE EPRA Nareit index admission completed**



SK REIT has completed admission to the FTSE EPRA Nareit index (Developed Asia Series). The corresponding index is the only global Reit index that determines admission through individual evaluation of Reits in accordance with the global standard, with a scale of 136 admitted Reits in the Global Developed Asia standard, amounting to USD 365.619 billion in market capitalization. With the inflow of foreigner passive funds evaluated as smart money, SK REIT recorded a 20% increase in stock price, 260% increase in trading volume, and an increase from 2.7% to 6% for its foreigner share during the two months before and after the index admission.

# VISION & STRATEGY

SK REIT holds the highest AUM (KRW 3.1 trillion) and best credit rating (AA-) among Korea's listed Reits and has confirmed its stature as Korea's best Reit, even from the standpoint of shareholder value, achieving a total market value of KRW 1 trillion and executing quarterly dividends.

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

“Globl Top Tier REIT”



# FINANCIAL HIGHLIGHTS

SK REIT's AUM figure has increased to a total of KRW 3.1 trillion, with the incorporation of SK U-Tower in Bundang, the head office building of SK Hynix, and Jongno Tower at Jonggak Station, and with SK Green Campus as the tenant in the second half of 2022.

SK REIT will maximize its profit for the company and REIT investors through a consistent growth strategy that acquires and manages real estate asset pipelines with attractive real estate assets across various sectors owned by SK Group.

## FY4 ~ FY7 Key Figures\*

(Jan. 1, 2022 to Dec. 31, 2022)



\* FY4: Jan. 1, 2022 to Mar. 31, 2022 / FY5: Apr. 1, 2022 to Jun. 30, 2022  
FY6: Jul. 1, 2022 to Sep. 31, 2022 / FY7: Oct. 1, 2022 to Dec. 31, 2022

\*\* As of reporting period on Dec. 2022 (FY7), Annualized ratio = (KRW 66 per share X annualization)/initial offering price of KRW 5,000

## Summary of Consolidated Statements of Financial Position

(UNIT: KRW MILLION)

	FY3 (Mar. 15, 2021 to Dec. 31, 2021)	FY7 (Jan. 1, 2022 to Dec. 31, 2022)
Current Assets	24,216	80,692
Non-current Assets	1,860,028	3,046,675
<b>Total Assets</b>	<b>1,884,244</b>	<b>3,127,367</b>
Current Liabilities	3,865	727,100
Non-current Liabilities	1,103,779	1,431,547
<b>Total Liabilities</b>	<b>1,107,644</b>	<b>2,158,647</b>
Share Capital	77,510	98,277
Other Paid-in Capital	687,262	870,121
Retained Earnings	11,828	322
<b>Total Equity</b>	<b>776,600</b>	<b>968,720</b>
<b>Total Liabilities and Equity</b>	<b>1,884,244</b>	<b>3,127,367</b>

## Summary of Consolidated Statements of Comprehensive Income

(UNIT: KRW MILLION)

	FY1 ~ FY3 (Mar. 15, 2021 to Dec. 31, 2021)	FY4 ~ FY7 (Jan. 1, 2022 to Dec. 31, 2022)
Operating Revenues	35,668	90,387
Operating Expenses	6,977	20,147
Operating Income	28,691	70,240
Profit Before Income Tax Expense	15,052	28,932
Income Tax Expenses	0	0
Net Income	15,052	28,932
<b>Earnings Per Share (KRW)</b>	<b>175.30</b>	<b>169.13</b>

# SHAREHOLDERS' INFORMATION

## SK REIT recorded a stock price increase rate of over 10% in comparison with the market profit rate for the first half of 2022.

While the overall Reit market's profit rate has dropped due to global economic uncertainty during the second half, SK REIT incorporated a blue-chip asset in Jongno Tower during the second half of 2022 and was admitted to the FTSE Global Reit index by the end of the year, recording a substantial increase in shareholder value in comparison to the KSPI and Reit index, along with an increase in stock price and the foreigner share ratio.

### Relative Performance

(Period: 2022. 1. 1 ~ 2022. 12. 31, Unit: %)



\* KRX Reit Top 10 index items: SK REIT, Lotte REIT, JR Global REIT, ESR Kendall Square REIT Management, KORAMCO Energy Plus REIT, KB Star REIT, Shinhan Alpha REITs, E Kocref CR-REIT, D&D Platform REIT, Shinhan Seobu T&D REIT (in the order of AUM size).

### Stock Price

(As of Dec. 31, 2022)

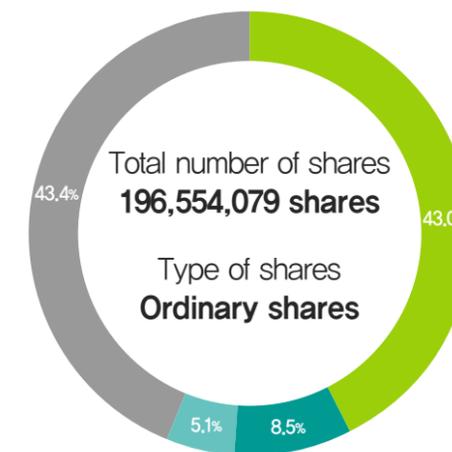
Closing price	Highest/Lowest	Total market capital
KRW <b>5,510</b>	KRW <b>7,290</b> / KRW <b>4,325</b>	KRW <b>10,083</b> billion

### Major Shareholders

(As of Dec. 31, 2022)

SK Inc. holds 43% of the total of 84,503,272 issued shares. The remainder, 57%, is held by major domestic and foreign institutions and individuals.

- SK Inc.
- Korean Federation of Community Credit Cooperatives
- Samsung Securities Co., Ltd.\*
- Others



\* Trustee of KORAMCO Pre-IPO REITs Trust NO.19

### Credit Rating

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



Stable

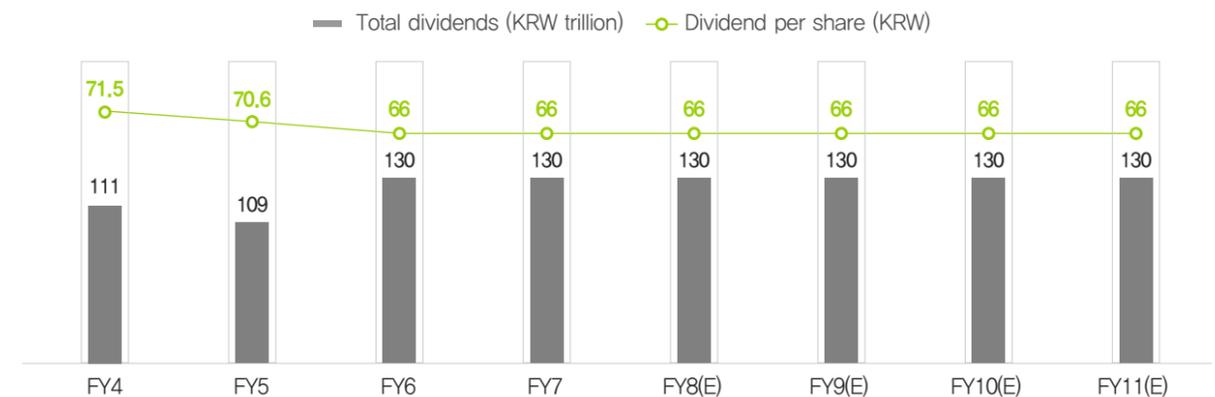


Stable

NICE Investors Service: Sep. 22, 2022  
Korea Ratings Corporation: Sep. 22, 2022

### Dividends

SK REIT pays out dividends four times annually to shareholders, coming at the end of March, June, September, and December each year, with most of its real estate lease income. In order to enhance shareholder value, SK REIT has led Korea's first quarterly dividends, paying out four rounds of dividends in 2022, and has approved the execution of quarterly dividends of KRW 66 (as with FY6 and FY7) for 2023, as decided on at the General Meeting of Shareholders. The annualized dividend per share and dividend yield rate were KRW 169.13 and 5.28%\* respectively.



\* Annualized dividend yield rate: As of end of the reporting period in Dec. 2022 (FY4), (KRW 66 per share X annualization) / initial offering price of KRW 5,000

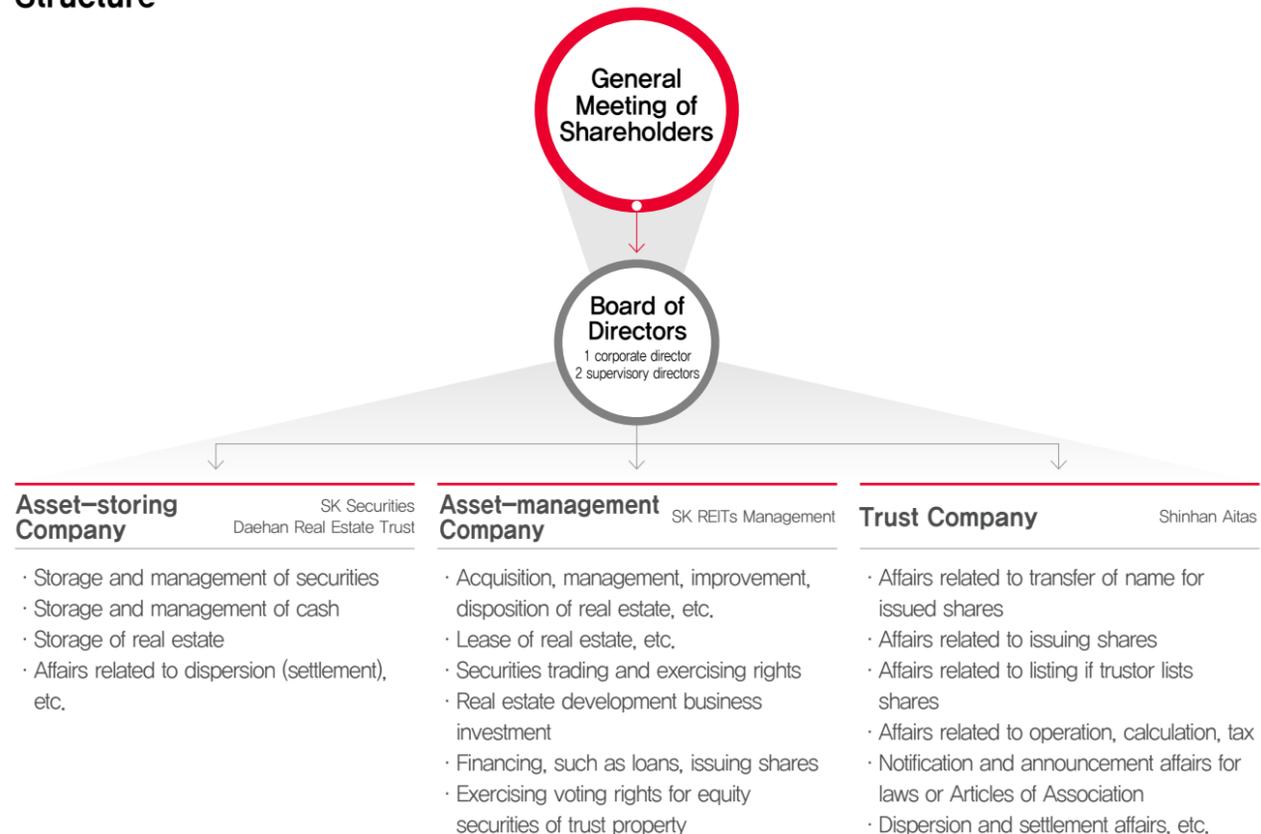
# CORPORATE GOVERNANCE

## Overview

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

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

## Structure



## Board of Directors

**SK REITs Management**  
Corporate Director



**Kim Jae-jung**  
Supervisory Director

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

**Choi Jae-Young**  
Supervisory Director

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

## Managing Directors

**Shin Do-Chul**   
CEO

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



**Baek Min-Ju**   
General Manager

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



**Joo In-Kyoo**   
General Manager

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

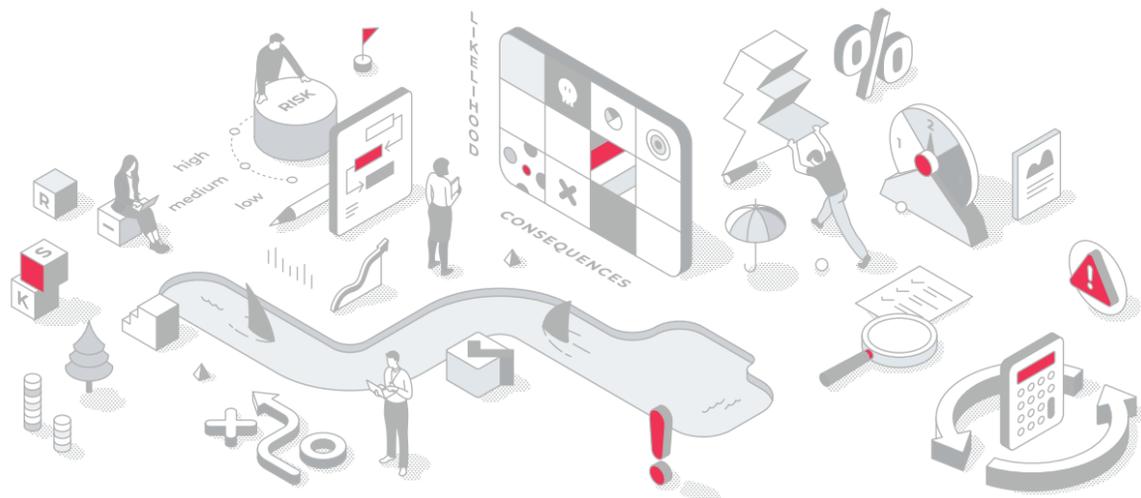


# RISK MANAGEMENT

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

## Policy and Purpose of Risk Management

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



## Major Risk-Management Methods

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

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

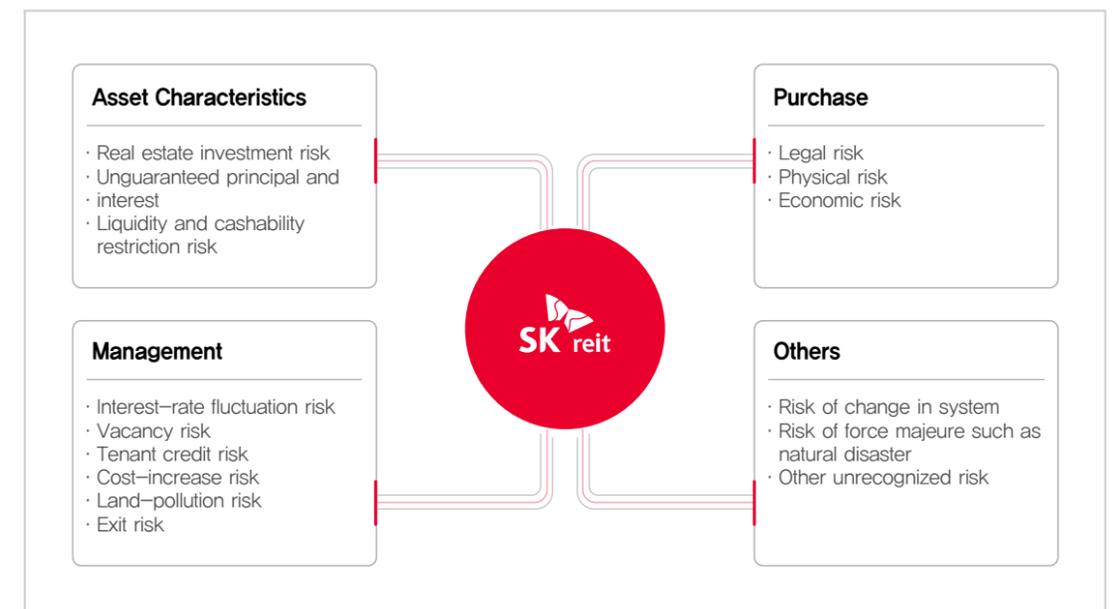
### Profit Structure and Operating Expense Risk

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

### Business Fluctuation Risk

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

## Risk factors and categories subject to intensive management



SK REIT is primarily characterized by its high-quality assets that are utilized as the major business sites and company buildings of SK Group and a stable lease structure.

As of the end of December 2022, SK REIT owned three office buildings and 116 gas stations as AUM on a consolidated basis, with the size of AUM being KRW 3.1 trillion.

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# PERFORMANCE

## MAJOR ACHIEVEMENTS

## SOLID ASSET QUALITY

SK REIT is primarily characterized by its high-quality assets that are utilized as the major business sites and company buildings of SK Group and a stable lease structure. It ranked No.1 for Korean REITs in terms of AUM within a year of its initial listing, demonstrating consistent acquisition of assets.

## High-Quality Assets in Excellent Locations

Among the assets of SK REIT, SK Seorin Building boasts its high-quality value as a prime office building located in the key Seoul CBD area, while SK U-Tower is located in the center of the Bundang (Pangyo) Business District. Jongno Tower is located at the center of Jongno CBD and pursues diversification of the asset portfolio with 'SK Green Campus,' which consists of six environment-friendly companies under SK Group and a blue-chip retail leaseholder as tenants. Additionally, most of SK REIT's assets in terms of its 116 gas stations, located in metropolitan areas and excellent service areas and with high ratios of land to make up 95% of the asset value, are also high-quality assets that can realize profit and raise asset value through future development and sale. SK REIT reached the status of No.1 REIT in AUM by acquiring SK U-Tower while exercising the right of first offer. It is sure that SK REIT will maintain its status as the best REIT domestically in terms of asset quality and size as it exercises the right of first offer on other high-quality assets held by SK Group.

AUM in South Korea

1<sup>st</sup>

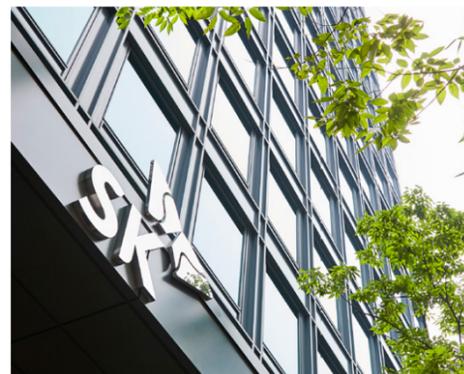


## Highest Level of Master Tenants and Stable Rent Income

SK REIT, as SK Group's sponsor Reit, is 100% master-leasing the held assets, including SK REIT's Jongno Tower, with blue-chip SK affiliates holding excellent credit ratings as tenants. Through long-term lease agreements with tenants renting 100% of the leasable areas, SK REIT manages assets without any burdens of vacancy regarding its real estate, and through the lease agreements with Triple Net structure (whereby public taxes and imposts, insurance premiums, and repairs and maintenance costs are borne by tenants) and CPI-linked rental escalation, it has achieved a stable lease-profit structure that can maintain or increase dividends regardless of interest-rate hikes.

SK Group Master Lease

100%



## Innovation-Management Policy for Enhancing Shareholder Value

SK REIT has been fulfilling transparent and innovative management to enhance shareholder value by investment-merchandising high-quality real estate assets of SK Group and maximizing investment value. SK REIT was the first in the REIT industry to enforce a positive shareholder-return policy through quarterly dividends and enhanced shareholder value by minimizing variability both before and after allotment. SK REIT has acquired a high credit rating of AA- (stable), which represents the highest rating in Korea, through maximized management of shareholder value and by way of exerting the fullest efforts to enhance company value by re-evaluating real properties biannually and notifying the results thereof to shareholders, etc. Meanwhile, SK REIT has achieved admission to the FTSE EPRA Nareit Global Reits Index (hereinafter referred to as the FTSE Index), which is a global Reit index with public trust. This indicates that SK REIT's corporate value has been recognized by global investors, which will lead to consistent inflow of foreigner investor funds. It is also expected that there will be an increase in shareholder value from the increased ratio within the FTSE index, according to the future growth of SK REIT.

The Highest Credit Rating in South Korea

AA-



# PERFORMANCE

MAJOR ACHIEVEMENTS

SOLID ASSET QUALITY

## Asset Status

As of the end of December 2022, SK REIT owned three office buildings and 116 gas stations as AUM on a consolidated basis, with the size of AUM being KRW 3.1 trillion, whereby the office and gas station properties account for 71.8% and 28.2%, respectively.

The weighted average of the residual lease term of lease agreements regarding total assets is six years, and the average of the residual lease term is 10 years and four months when applying the tenant's renewal options. SK REIT has scattered the expiry dates of lease agreements for the respective assets and included the five-year renewal options, thereby hedging the risks of contract expiration. SK REIT will continue to select and acquire assets while prioritizing a lease structure that secures highly reliable tenants and prime assets with prime locations to create stable profit.

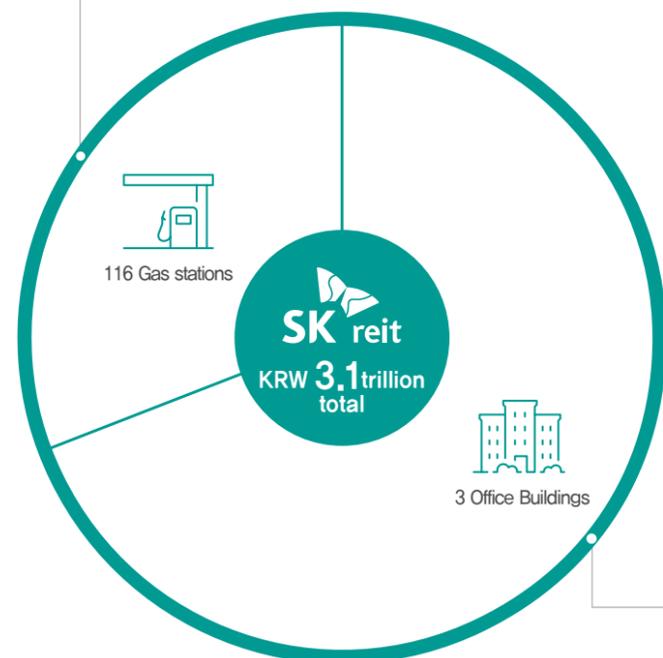
\* The weighted average of residual lease term = (Residual lease term of the respective tenants x size of leased areas) / size of total leased areas

## Ratio status of assets

(As of Dec. 31, 2022)

28.2%

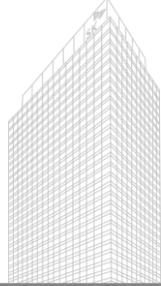
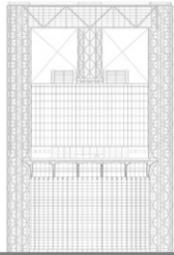
Gas stations



71.8%

Offices

## Summary Table of Assets

				
Classification	SK Seorin Building	SK U-Tower	Jongno Tower	116 SK Energy Gas Stations
Location	99 Seorin-dong, Jongro-gu, Seoul	25-1 Jeongja-dong, Bundang-gu, Seongnam-si	6, Jongno 2ga, Jongno-gu, Seoul	116 nationwide
Location characteristics	Rare, prime-level office of at least 66,000 m <sup>2</sup> (20,000 py) within CBD	Located at Jeongja Station in the center of Bundang District, with company buildings of conglomerates and government offices concentrated nearby	Landmark asset in CBD area connected to Jonggak Station, high potential for value increase, such as rent	48% of total located within metropolitan area, 54% with commercial/residential/industrial purpose
Asset type	Office	Office	Office	Gas station
Total floor area	83,828m <sup>2</sup> (25,358 py)	86,804m <sup>2</sup> (26,258 py)	60,600.6m <sup>2</sup> (18,332 py)	85,369m <sup>2</sup> (25,822 py)
Land area	5,779m <sup>2</sup> (1,748 py)	9,967.80m <sup>2</sup> (3,015 py)	5,007.9m <sup>2</sup> (1,514.9 py)	170,942m <sup>2</sup> (51,710 py)
Purchase price (Purchase date)	1KRW 1,003.0 billion (July 6, 2021)	KRW 507.2 billion (June 9, 2022)	KRW 621.5 billion (Dec. 19, 2022)	KRW 766.4 billion (July 7, 2021; Nov. 25, 2021)
Appraisal-consultation value*	KRW 1,100.5 billion	KRW 540.4 billion	N/A	KRW 852.6 billion
Tenant	SK Inc. (NICE Investors Service AA+, May 24, 2021)	SK Hynix (NICE Investors Service AA, June 29, 2021)	Major tenant: SK Green Campus (six environment-friendly companies, such as SK On)	SK Energy (NICE Investors Service AA, Mar. 24, 2021)
Lease expiry	July 5, 2021 (Five-year extension available with tenant option)	May 5, 2027 (Five-year extension available with tenant option)	February 28, 2027 (Based on SK Green Campus)	June 30, 2031 (Five-year extension available with tenant option)
Lease type	100% Master Lease	100% Master Lease	62% of the office facilities are co-rented	100% Master Lease
Rental-escalation structure	Linked with CPI-increase rate for Seoul for previous year (Threshold: 1.5%)	Linked with CPI-increase rate for Seoul for previous year (Threshold: 1.5%, Cap: 5.0%)	3% rent/management cost compared to previous year	(One to five years) Rental fixed (At least six years) Linked with nationwide CPI-increase rate for previous year
Who bears the management cost**	Triple net	Triple net	Market practice applied	Triple net

\* Appraisal consultation fulfilled by Kyungil Appraisal Corporation, as of December 31, 2022

\*\* Management cost Triple Net: Tenant bears maintenance costs, insurance premiums, taxes and public imposts

# PORTFOLIO

- SK SEORIN BUILDING
- SK U-TOWER
- JONGNO TOWER
- SK ENERGY GAS STATION

## SK Seorin Building

SK Seorin Building is an asset with high value and scarcity as an investment product, among the prime office buildings located within the CBD centered around Eulji-ro 1-ga Station on Subway Line 2 and Gwanghwamun Plaza. As a triple-station district adjacent to Subway Lines 1, 2, and 5, all within 400 m distance, it is without doubt that this location offers excellent accessibility to all Seoul metropolitan areas.

SK Seorin Building, established as a building that has represented SK Group for 21 years since its construction, and with SK as the blue-chip tenant, has been used as an integrated company building for SK Group's major affiliates, such as SK Innovation, SK E&S, etc.

According to the value-estimation appraisal conducted by Kyungil, as of December 31, 2022, the asset value of SK Seorin Building is KRW 1,100.5 billion, an approximately 9.7% increase from the acquisition price in July 2021.



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

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

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

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

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

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

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

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

**Master tenant**  
**SK Inc.** (NICE Investors Service AA+, May 24, 2021)

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

**Estimated value of real estate**  
**KRW 1,100.5 billion** (December 31, 2022, Kyungil Appraisal Corporation)

### Lease status

Subject Asset <b>SK Seorin Building</b>	Tenant* <b>SK Inc.</b>
Lease Term** <b>5 years</b>	Rent Increase Rate*** <b>Linked with CPI-increase rate for Seoul for previous year</b>
Lease Deposit <b>10-months' monthly rent</b>	Management cost payment**** <b>Triple Net</b>

\* 100% Master Lease  
 \*\* Extension available upon tenant's request (+5 years)  
 \*\*\* While being linked with CPI-increase rate for previous year, with the threshold of 1.5%  
 \*\*\*\* Management cost Triple Net: Tenant bears maintenance costs, insurance premiums, and taxes and public imposts

SK REIT and SK Inc. entered into a lease agreement for SK Seorin Building as leased premises on June 30, 2021. The lease term is agreed upon for SK to rent for five years (+5 years) as the long-term master tenant, and SK REIT will have increased income even during the periods of inflation due to the rent linked with the CPI-increase rate for Gyeonggi-do for the prior year as well as the Triple-Net structure in which all management costs are borne by the tenant, resulting in low cost variability.

SK Seorin Building has been used as the integrated company building for SK Inc. since its completion date in 1999. SK has maintained a top-quality smart company building through extensive renovations that commenced in 2018 under the long-term management plan for SK Seorin Building. SK REIT plans to continuously enhance its asset value through stable asset management and by maintaining long-term cooperative relationships with tenants following acquisition.



# PORTFOLIO

SK SEORIN BUILDING

**SK U-TOWER**

JONGNO TOWER

SK ENERGY GAS STATION

## SK U-Tower

Exercising the right of first offer in March 2022 for SK U-Tower, the Bundang company building of SK Hynix, SK REIT completed this asset acquisition on June 30 after finalizing the major terms, such as the sales agreement, lease agreement, etc., through its board of directors. SK U-Tower is a large office-building asset located in the Bundang/Pangyo region, which is rapidly growing and is comparable to Seoul's office districts. In particular, SK U-Tower boasts its advantage of outstanding transportation convenience, located just two minutes' walking distance from Jeongja Station, a transfer station for the Bundang Suin Line and New Sinbundang Line within Jeongja District, which houses multiple Korean conglomerate buildings, such as Doosan Tower, Naver Building No.2, Hyundai Heavy Industries R&D Building, etc.

As such, the Bundang (Pangyo) Business District is predicted to stabilize its status due to the expansion of business districts and multiple urban-development projects scheduled. The asset value here is expected to further rise with the 2nd and the 3rd developments of Pangyo Techno Valley, to be newly supplied in 2022, along with the opening of the GTX-A Line and the extension of Subway Line 8.



Location

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

Use approval date

**June 27, 2005**

Service area

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

Main use

**Business facility / condominium building**

Land area

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

Total floor area

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

Exclusive use ratio

**55.49%**

Size

**B6 / 28F**

Master tenant

**SK Hynix (NICE Investors Service AA, June 29, 2021)**

Purchase price

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

Estimated value of real estate

**KRW 540.4 billion (December 31, 2022, Kyungil Appraisal Corporation)**

SK U-Tower is used as the company building for SK Group affiliates, such as SK Hynix, with SK Hynix acting as the blue-chip tenant providing high tenant stability and scarcity at the same time, thereby being predicted to further enhance the property value.

As a result of consulting regarding value estimation appraisal from Kyungil Appraisal Corporation as of December 31, 2022, the asset value of SK U-Tower is KRW 540.4 billion, a 6.5% increase from its incorporation in June 2022.

### Lease status

Subject Asset	Tenant*
<b>U-Tower</b>	<b>SK Hynix</b>
Lease Term**	Rent Increase Rate***
<b>Five years</b>	<b>Linked with CPI-increase rate for Seoul for previous year</b>
Lease Deposit	Management Cost Payment****
<b>10-months' monthly rent</b>	<b>Triple Net</b>

\* 100% Master Lease

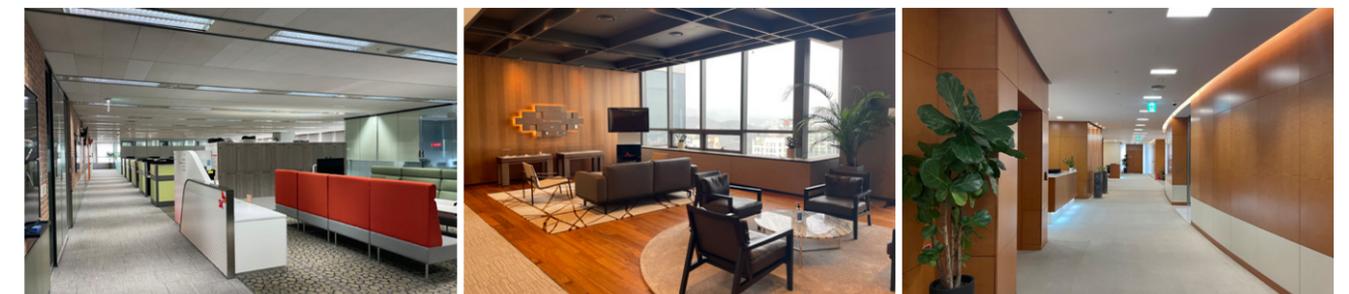
\*\* Extension available upon tenant's request (+5 years)

\*\*\* While being linked with CPI-increase rate for previous year, with the threshold of 1.5% and cap of 5.0%

\*\*\*\* Management cost Triple Net: Tenant bears maintenance costs, insurance premiums, and taxes and public imposts

SK REIT and SK Inc. entered into a lease agreement for SK U-Tower as leased premises on June 9, 2022. The lease term is agreed upon for SK to rent the space for five years, with an additional option of a five-year extension as a long-term master tenant, and SK REIT will have increased income even during periods of inflation due to the rent linked with the CPI-increase rate for Gyeonggi-do for the prior year, as well as the Triple-Net structure in which all management costs are borne by the tenant, resulting in low cost variability.

SK U-Tower is used as the company building for SK Group affiliates, such as SK Hynix, with SK Hynix acting as the blue-chip tenant with high tenant stability and scarcity at the same time, which promotes additional enhancement of asset value.



# PORTFOLIO

SK SEORIN BUILDING

SK U-TOWER

**JONGNO TOWER**

SK ENERGY GAS STATION

## Jongno Tower

Located in the CBD area centered around Jongno and Gwanghwamun, Jongno Tower, with its dynamic exterior design, serves as a landmark in central Seoul. Jongno Tower was completely incorporated with the succession of the lease agreement by Total Value Reit No.1, a subordinate of SK REIT, on October 19, 2022. Jongno Tower, with its six basement floors and 33 above-ground floors, boasts an excellent location: it is directly connected to Jonggak Station, Garden of Sun, on Subway Line 1 and gives easy access to five other subway stations within 600 m. In this building, the retail tenants and offices coexist in convenience.

The ratios of work facilities and retail shops in Jongno Tower are 74% and 26%, respectively, based on total floor area, rented by 10 office tenants and 23 retail tenants. 62% of the office facilities are co-rented by six companies affiliated with SK Green Campus, established by SK Group to empower environment-friendly business fields under the condition that the rent and management costs are raised by at least 3% every year for 3.79 years of the weighted average for the remaining contract period. The retail sector, which makes up 26% of the total floor area, is rented by the time-honored Jongno Books and food- and beverage-related tenants, including Starbucks Jongno R Branch, from the second basement floor to the second above-ground floor.



Location

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

Use approval date

**September 2, 1999**

Service area

**General commercial district, metropolitan aesthetic district**

Main use

**Business facility**

Land area

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

Total floor area

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

Exclusive use ratio

**51.40%**

Size

**B6 / 33F**

Master tenant

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

Purchase price

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

## Tenant status

Subject asset

**Jongno Tower**

Tenant

**SK Green Campus / Plant, SK Forest**

SK Green Campus: SK On, SK Energy, SK E&amp;S, SK Gio Centric, SK Eco Plant, SK Forest: Jongno Books, Starbucks Jongno R Branch, etc.

Lease Term

**Five years, based on SK Green Campus**  
(2022. 3. 1 ~ 2027. 2. 28)

Rent increase rate

**+3%**  
**compared to the previous year**

SK REIT plans to pursue a strategy to secure a new profit model by making the most of Jongno Tower's special feature that combines office facilities and retail. Specifically, the rent, which is currently lower than the surrounding market price due to the succession of contracts, will be increased for improved profitability and maximized asset value in the retail sector. Through accumulation of knowledge, SK REIT will focus on preparing for diversification of AUM in the future, while reinforcing profitability.

The achievements and operation status related to SK REIT's purchasing of Jongno Tower can be summarized as follows. First of all, for supply of the funds for purchase, the burden of paid-in-capital increase was alleviated with the issuance of convertible bonds, while the purchasing cost was reduced by pursuing the issuance of convertible bonds for third parties to reduce the interest rate. Secondly, a stable lease agreement will be expanded with blue-chip SK Group companies to increase the current rent ratio of 62% by office facilities to 100% in the future in order to strengthen the concept of 'SK Green Campus.' At the same time, an environment-friendly solution will be established and applied, such as a rooftop PV system, fuel cells, EV charging stations, etc., to run a green building. Third, for the creation of additional revenue, installation and operation of a media facade that utilizes T-LED new materials or a billboard will be activated. Lastly, while the spatial structure/ground environment MD composition will be reorganized through renovations, a sunken garden will be constructed at the main entrance to create a regional attraction, increase the inflow of floating population, and improve overall retail profitability.



# PORTFOLIO

- SK SEORIN BUILDING
- SK U-TOWER
- JONGNO TOWER
- SK ENERGY GAS STATION

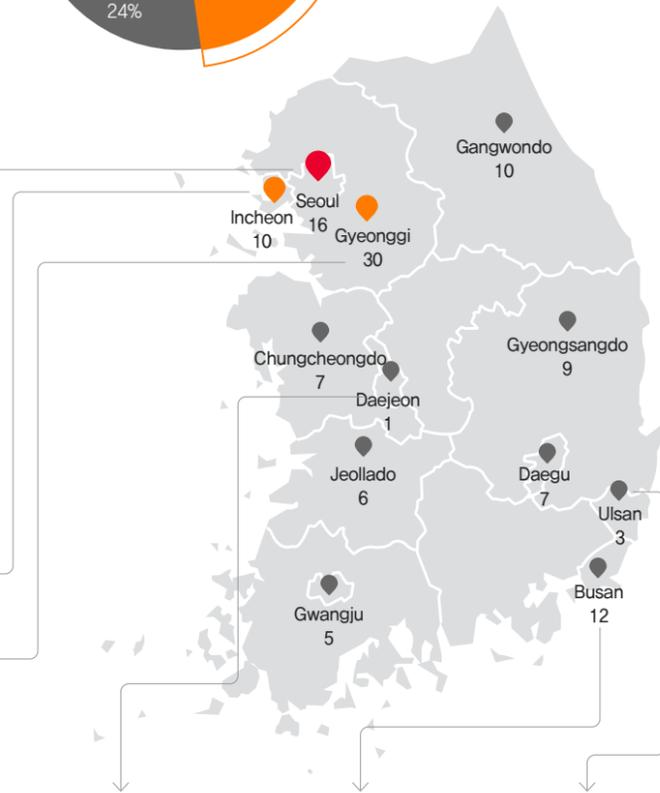
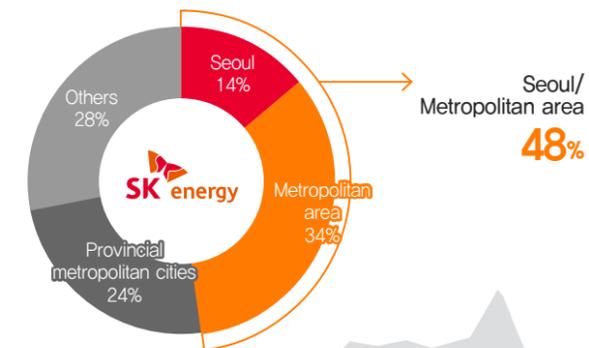
## SK Energy Gas station

SK Energy has 116 leased gas stations as No.1 in the Korean oil-refining industry, holding the status as the master tenant regarding the entirety of the gas station areas for 10 years. These gas station assets have a locational characteristic of being in places with high floating populations and convenient transportation. In particular, with their excellent accessibility, creation of new additional value is expected through businesses like rest-area restaurants, minor maintenance services, car-wash services, etc., in addition to the gas stations as well as their remaining spaces used for parcel services, logistics services, etc. As such, these gas station assets consist of assets with high usability of land in addition to high tenant stability.

Clean Energy REIT, wholly controlled by SK REIT, acquired 116 gas station assets on July 6 and November 25, 2021, for a total of KRW 766.4 billion. According to the next value-estimation appraisal consultation performed by Kyungil Appraisal Corporation on December 31, 2022, the asset value was KRW 852.6 billion, increasing approximately 11.3% from the acquisition price in July 2021, indicating a consistent rise in value.

Approximately 95% of the gas station asset value consists of land. For the past five years, the land value represented by the 116 gas stations in 2022 increased by 6.6% on average compared to the calculation back in 2018. As such, a consistent rise is expected in respect to the gas station asset values, with the high possibility of various uses, along with rising land value due to the high land ratio.

### Distribution of SK Energy Gas Stations (116)



Number of assets	<b>116</b> (only land and buildings/does not include lubricators, plumbing, or tanks)
Region distribution	<b>16 in Seoul, 10 in Incheon, 30 in Gyeonggi-do, 28 in provincial metropolitan cities, 32 in other regions</b>
Service area	<b>27 commercial zones, 18 residential zones, 18 industrial zones, 53 others</b>
Land area	<b>170,942m<sup>2</sup></b> (51,710 py)
Average land area	<b>1,474m<sup>2</sup></b> (446 py)
Land-to-building ratio	<b>95:5</b> (based on book value)
Increase-rate for land value	<b>Average 5.7% for five years</b> (as of 2021 to 2017)
Master tenant	<b>SK Energy</b> (NICE Investors Service AA, Mar. 24, 2021)
Purchase price	<b>KRW 766.4 billion</b> (July 7, 2021, Nov. 25, 2021)
Estimated value of real estate	<b>KRW 852.6 billion</b> (December 31, 2022, Kyungil Appraisal Corporation)



Bakseok Gogae Gas Station, Seoul



Sky Park, Incheon



Bishan Gas Station, Gyeonggi

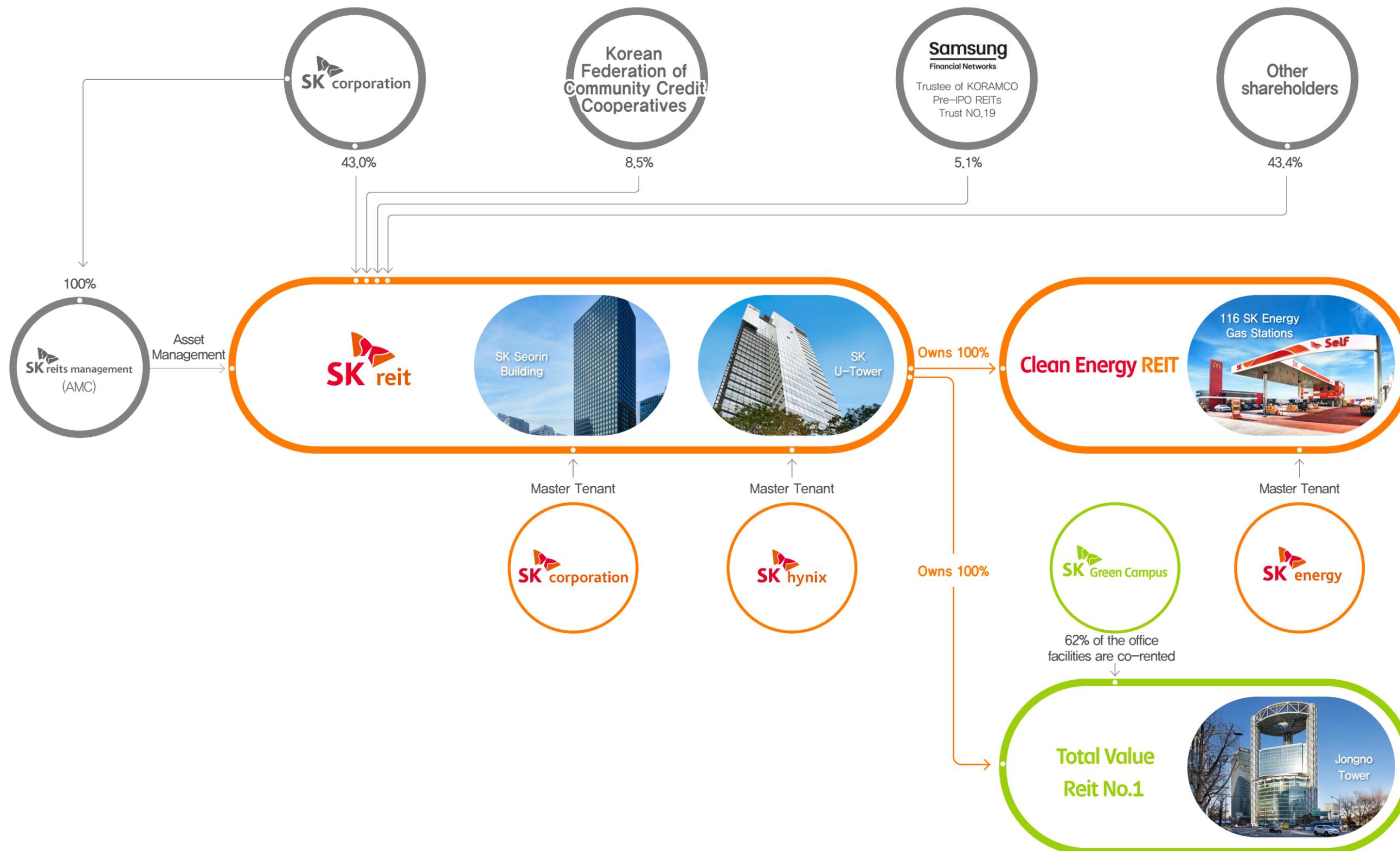
### Lease status

Subject Asset	<b>116 gas stations nationwide</b>	
Tenant*	<b>SK Energy</b>	Lease Term**
		<b>10 years</b>
Rent Increase Rate***	One to five years <b>Rental fixed</b> At least six years <b>Linked with nationwide CPI-increase rate for previous year</b>	
Lease Deposit	<b>10-month payment of monthly rent</b>	Management Cost Payment****
		<b>Triple Net</b>

\* 100% Master Lease  
 \*\* Extension available upon tenant's request (+5 years)  
 \*\*\* While being linked with CPI-increase rate for previous year, with the threshold of 1.0%  
 \*\*\*\* Management cost Triple Net: Tenant bears maintenance costs, insurance premiums, and taxes and public imposts

According to the lease agreement, which is a long-term master-tenant lease agreement for the 10-year lease term (with a five-year extension option), whereby all of the 116 gas stations are leased premises, rental income would be earned in a stable manner due to the rent linked with the nationwide CPI for the beginning of the 6th anniversary, and the lease agreement is characterized by low cost variability due to the Triple-Net structure in which any and all management costs are borne by the tenants. Moreover, as all expenses and liability regarding potential environmental pollution caused by the gas station activities are burdened by SK Energy, as specified in the master-tenant lease agreement, the risks, expenses, and liability assumed by SK REIT due to land pollution, etc., have been minimized.

# INVESTMENT STRUCTURE



**SK corporation**  
43.0%

**Korean Federation of Community Credit Cooperatives**  
8.5%

**Samsung**  
Financial Networks  
Trustee of KORAMCO Pre-IPO REITs Trust NO.19  
5.1%

**Other shareholders**  
43.4%

**SK reits management (AMC)**  
100%

**SK reit**  
SK Seorin Building  
SK U-Tower

**SK corporation**  
Master Tenant

**SK hynix**  
Master Tenant

**Clean Energy REIT**  
116 SK Energy Gas Stations  
Self

**SK Green Campus**  
62% of the office facilities are co-rented

**SK energy**  
Master Tenant

**Total Value Reit No.1**  
Jongno Tower

# FINANCIAL

# SECTION

50 FY1~FY4 CONSOLIDATED FINANCIAL STATEMENTS



# SK REIT CO., LTD. AND ITS SUBSIDIARIES

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

As of December 31, 2022 and December 31, 2021

### Consolidated Financial Statements

December 31, 2022 and December 31, 2021

Consolidated Statements of Financial Position	51p
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(In Korean won)

	Notes	December 31, 2022	December 31, 2021
<b>Assets</b>			
<b>Current Assets</b>		<b>₩ 80,692,386,245</b>	<b>24,216,223,185</b>
Cash and cash equivalents	4, 5, 6, 7	37,188,731,118	12,411,083,242
Short-term financial instruments	4, 5, 6, 8	38,053,334,575	11,000,000,000
Trade and other receivables	4, 5, 6, 9	4,464,321	–
Other current financial assets	5, 6, 10, 30	2,362,685,354	450,969,622
Other current assets	11	3,083,170,877	354,170,321
<b>Non-current Assets</b>		<b>3,046,674,523,304</b>	<b>1,860,028,040,902</b>
Long-term financial instruments	5, 6, 12	7,505,773,305	–
Investment properties	14, 15, 16, 19	3,039,168,749,999	1,860,028,040,902
<b>Total assets</b>		<b>₩ 3,127,366,909,549</b>	<b>1,884,244,264,087</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		<b>₩ 727,099,846,506</b>	<b>3,865,108,845</b>
Short-term borrowings	4, 5, 6, 15, 16, 19, 31, 32	394,387,850,466	–
Debentures	4, 5, 6, 19, 32	319,861,398,345	–
Other current financial liabilities	4, 5, 6, 17, 30	6,253,193,808	1,135,948,178
Other current liabilities	18	6,597,403,887	2,729,160,667
<b>Non-current liabilities</b>		<b>1,431,547,467,494</b>	<b>1,103,778,855,519</b>
Long-term borrowing	4, 5, 6, 15, 16, 19, 31, 32	1,231,178,232,827	1,045,415,162,700
Convertible bonds	4, 5, 6, 15, 19, 32	108,007,668,448	–
Leasehold deposits received	4, 5, 6, 15, 20, 30, 32	82,492,335,814	51,887,268,776
Other non-current liabilities	18	9,869,230,405	6,476,424,043
<b>Total liabilities</b>		<b>₩ 2,158,647,314,000</b>	<b>1,107,643,964,364</b>
<b>Equity</b>			
Capital and reserves attributable to owners of SK REIT CO., LTD.		<b>₩ 968,719,595,549</b>	<b>776,600,299,723</b>
Share Capital	21	98,277,039,500	77,510,266,000
Other paid-in capital	22	870,120,833,930	687,262,384,420
Retained earnings	23	321,722,119	11,827,649,303
Non-controlling interests		–	–
<b>Total equity</b>		<b>968,719,595,549</b>	<b>776,600,299,723</b>
<b>Total liabilities and equity</b>		<b>₩ 3,127,366,909,549</b>	<b>1,884,244,264,087</b>

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and December 31, 2021

(In Korean won)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021
Operating revenues	14, 26, 30	₩ 90,387,428,845	35,668,174,949
Operating expenses	14, 27, 30	20,146,931,896	6,977,419,236
Operating profit		70,240,496,949	28,690,755,713
Finance costs – net	6, 28	(41,295,597,287)	(13,639,422,020)
Finance income		835,586,518	23,747,612
Finance costs		42,131,183,805	13,663,169,632
Other gains (losses) – net	29	(12,714,295)	1,143,447
Other income		38,117,999	1,143,469
Other expenses		50,832,294	22
Profit before income tax expense		28,932,185,367	15,052,477,140
Income tax expense	24	–	–
Profit for the year		₩ 28,932,185,367	15,052,477,140
Profit is attributable to:			
Owners of SK REIT CO., LTD.		28,932,185,367	15,052,477,140
Non-controlling interests		–	–
Other comprehensive income for the year		–	–
Total comprehensive income for the year		₩ 28,932,185,367	15,052,477,140
Total comprehensive income is attributable to:			
Owners of SK REIT CO., LTD.		28,932,185,367	15,052,477,140
Non-controlling interests		–	–
Earnings per share			
Basic and diluted earnings per share	25	169.13	175.30

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, 2022 and December 31, 2021

(In Korean won)

	Attributable to owners of SK REIT CO., LTD.				Non-controlling interests	Total equity	
	Share capital	Other paid-in capital	Retained earnings	Total			
Balance as of March 15, 2021	₩	–	–	–	–	–	
Total comprehensive income:							
Profit for the year		–	–	15,052,477,140	15,052,477,140	–	15,052,477,140
Transactions with owners:							
Capital increase with consideration		77,510,266,000	692,408,708,390	–	769,918,974,390	–	769,918,974,390
Dividends		–	–	(8,251,059,807)	(8,251,059,807)	–	(8,251,059,807)
Transfer of share premium to retained earnings		–	(5,026,231,970)	5,026,231,970	–	–	–
Others			(120,092,000)	–	(120,092,000)	–	(120,092,000)
Balance as of December 31, 2021	₩	77,510,266,000	687,262,384,420	11,827,649,303	776,600,299,723	–	776,600,299,723
Balance as of January 1, 2022	₩	77,510,266,000	687,262,384,420	11,827,649,303	776,600,299,723	–	776,600,299,723
Total comprehensive income:							
Profit for the year		–	–	28,932,185,367	28,932,185,367	–	28,932,185,367
Transactions with owners:							
Capital increase with consideration		20,766,773,500	187,503,914,323	–	208,270,687,823	–	208,270,687,823
Issuance of convertible bonds		–	2,649,817,836	–	2,649,817,836	–	2,649,817,836
Redemption of convertible bonds		–	(1,858,480,618)	–	(1,858,480,618)	–	(1,858,480,618)
Dividends		–	–	(45,874,914,582)	(45,874,914,582)	–	(45,874,914,582)
Transfer of share premium to retained earnings		–	(5,436,802,031)	5,436,802,031	–	–	–
Balance as of December 31, 2022	₩	98,277,039,500	870,120,833,930	321,722,119	968,719,595,549	–	968,719,595,549

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, 2022 and December 31, 2021

(In Korean won)

	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021
<b>Cash flows from operating activities:</b>			
Cash generated by operating activities	32	₩ 83,225,580,457	93,666,454,927
Interest income received		709,163,233	12,670,834
Interest expenses paid		(35,867,147,186)	(11,905,658,514)
Income taxes paid		(89,806,910)	(1,929,930)
<b>Net cash inflow from operating activities</b>		<b>47,977,789,594</b>	<b>81,771,537,317</b>
<b>Cash flows from investing activities:</b>			
Cash inflows from investing activities		44,032,942,558	–
Disposal of short-term financial assets		44,032,942,558	–
Cash outflows from investing activities		(1,270,575,573,184)	(1,875,096,876,658)
Acquisition of short-term financial assets		71,053,334,575	11,000,000,000
Acquisition of long-term financial assets		7,505,773,305	–
Acquisition of subsidiaries		–	17,706
Acquisition of investment property (land)		880,631,284,817	1,545,010,200,319
Acquisition of investment property (building)		311,385,180,487	319,086,658,633
<b>Net cash (outflow) from investing activities</b>		<b>(1,226,542,630,626)</b>	<b>(1,875,096,876,658)</b>
<b>Cash flows from financing activities:</b>			
Cash inflows from financing activities		1,868,717,403,490	2,073,286,174,390
Increase in short-term borrowings		416,535,932,137	259,178,600,000
Increase in long-term borrowings		182,997,150,000	1,044,188,600,000
Issuance of debentures		887,867,780,000	–
Issuance of convertible bonds		137,514,855,520	–
Increase in leasehold deposits received		35,530,998,010	–
Capital increase with consideration		208,270,687,823	769,918,974,390
Cash outflows from financing activities		(665,374,914,582)	(267,549,751,807)
Repayment of short-term borrowings		22,500,000,000	259,178,600,000
Repayment of debentures		568,000,000,000	–
Repayment of convertible bonds		29,000,000,000	–
Dividends paid	23	45,874,914,582	8,251,059,807
Others		–	120,092,000
<b>Net cash inflow from financing activities</b>		<b>1,203,342,488,908</b>	<b>1,805,736,422,583</b>
<b>Net increase in cash and cash equivalents</b>		<b>24,777,647,876</b>	<b>12,411,083,242</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>12,411,083,242</b>	<b>–</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>₩ 37,188,731,118</b>	<b>12,411,083,242</b>

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 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.

The Controlling company's major shareholders and their respective shareholdings as of December 31, 2022, are as follows:

Name of Shareholders	Number of shares	Types of shares	Percentage of ownership (%)
SK Inc.	84,503,272	ordinary share	42.99
Korean Federation of Community Credit Cooperatives	16,710,807	ordinary share	8.50
SAMSUNG SECURITIES Co., Ltd (Trustee of KORAMCO Pre-IPO REITs Trust NO.19)	9,943,227	ordinary share	5.06
Others	85,396,773	ordinary share	43.45
	<b>196,554,079</b>		<b>100.00</b>

Consolidated subsidiaries and current status

The Group is engaged in real estate leasing. Meanwhile, the status of subsidiaries included in the consolidated financial statements as of December 31, 2022 and December 31, 2021, is as follows.

Name of Subsidiaries	Main business	Country of domicile	Percentage of Ownership (%)		Reporting period end
			December 31, 2022	December 31, 2021	
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	–	End of March, June, September and December

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (1) Basis of Preparation

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

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 financial statements, the Group will have sufficient resources to survive as a going concern for the foreseeable future period. Therefore, the management prepared the consolidated financial statements on the premise of the going concern.

#### 1) Accounting standards and interpretations that have been newly applied for the year ended December 31, 2022, and have no important impact on financial statements are as follows:

##### – K-IFRS 1016 'Property, Plant and Equipment' (Amendment)

The amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

##### – K-IFRS 1037 'Provisions, Contingent Liabilities and Contingent Assets' (Amendment)

The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

##### – K-IFRS 1103 'Business Combinations' (Amendment)

The amendment updates the references to the Conceptual Framework for Financial Reporting (2018) and to add an exception for the recognition of liabilities and contingent liabilities within the scope of K-IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets and K-IFRS 2121 Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date.

##### – K-IFRS 1116 'Leases' (Amendment)

The amendment extends the scope of the practical expedient, which allows rent concessions not to be assessed as lease changes as a direct consequence of the COVID-19 pandemic, to rent concessions that affect lease payments due before June 30, 2022. Such rent concessions must meet the application requirements of the practical expedient, and lessees must consistently apply the practical expedient to contracts with similar characteristics in similar situations.

##### – Annual Improvements to K-IFRS Standards 2018–2020 Cycle

The Annual Improvements include amendments to K-IFRS 1101 First-time Adoption, K-IFRS 1109 Financial Instruments, K-IFRS 1116 Leases, and K-IFRS 1041 Agriculture.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

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

##### – K-IFRS 1001 'Classification of Liabilities as Current or Non-current' (Amendment)

The amendment to K-IFRS 1001 affects only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendment clarifies that the classification of liabilities as current or non-current is based on the rights that exist at the end of the reporting period and emphasizes that classification is unaffected by the expectations of the entity to exercise the delay of settlement. It also explains that the rights exist when the borrowing commitment is compiled and defines 'settlement' to make clear that settlement refers to extinguishment of a liability through a transfer of cash, equity instruments, other assets or services to the counterparty. The amendment is applied for annual periods beginning on or after 1 January 2024, with early application permitted.

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

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. The amendment is applied for annual periods beginning on or after 1 January 2023, with early application permitted.

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

The amendment required disclosure of the carrying amount and associated gains or losses of a financial liability if all or part of a financial instrument whose exercise price is subject to changes in the issuer's share price is classified as a financial liability. The amendment is applied for annual periods beginning on or after 1 January 2023, with early application permitted.

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

The amendment clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. The amendment is applied for annual periods beginning on or after 1 January 2023, with early application permitted.

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

The amendment does not affect the amount of assets, liabilities and gains or losses, time of recognition, or disclosure of these items. The amendment added to the exceptional requirements for transactions of initial recognition of asset or liability recognized transaction that does not result in the same additional and deductible temporary differences at the time of transaction. The amendment is applied for annual periods beginning on or after 1 January 2023, with early application permitted.

#### (2) Consolidated accounting standards

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

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

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

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

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

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

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

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

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

#### (3) Business combination

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

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

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

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

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

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

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

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

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

The Group classifies an asset as current when:

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

The Group classifies all other assets as non-current.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

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

Cash and cash equivalents include cash held, bank deposits, and other highly liquid short-term investments that are due within three months as of the acquisition date.

#### (6) Revenue recognition

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

#### (7) Lease

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

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

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

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

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

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

#### (8) Foreign currency conversion

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

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

#### (9) Borrowing costs

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

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

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

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

#### (10) Investment properties

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

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

While land is not depreciated, all other investment property is depreciated based on the respective assets' estimated useful lives ranging from 27 to 40 years using the straight-line method.

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

#### (11) Income tax and deferred tax

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

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

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

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

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

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

In addition, due to the uncertainty of future taxable income, deferred tax assets for temporary differences to be deducted in the future were not recorded as of December 31, 2022.

#### (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.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

#### 1) Classification of financial assets

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

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset are cash flows that are Solely Payment Principal and Interest on the outstanding ("SPPI").
- Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):
  - The financial asset is held within a business model of which objective is achieved by both collecting contractual cash flows and selling the financial assets
  - The contractual terms of the financial asset are cash flows that are Solely Payment Principal and Interest on the outstanding ("SPPI").

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

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

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

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

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

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

#### 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.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

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

#### 4) Derecognition of financial assets

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

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

#### (14) Financial liabilities and equity instruments

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

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

##### 2) Equity instruments

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

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

##### 3) Financial liabilities

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

##### 4) Financial liabilities at FVTPL

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

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

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

#### 7) Derecognition of financial liabilities

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

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, are at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

#### (15) Operating segment

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

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

### 3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

#### (1) Corporate tax

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

#### (2) Fair value of investment properties

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

### 4. FINANCIAL RISK MANAGEMENT

#### (1) Financial risk management factors

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

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

#### 1) Market Risk

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

#### 2) Credit Risk

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

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

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

#### ① Trade receivable and contract assets

The Group applies an expedient that recognizes lifetime expected credit losses as loss allowance for trade receivables and contracted assets. To measure the expected credit losses, trade receivables and contract assets were categorized based on their credit risk characteristics and overdue dates. Trade receivables and contract assets do not exist as of December 31, 2021. Accordingly, the loss allowance is not recognized.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

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

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

#### 3) Liquidity Risk

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

Details of financial liabilities classified by residual maturity as of December 31, 2022 and December 31, 2021, are as follows:

(In thousands of Korean won)

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

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

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

(In thousands of Korean won)

	December 31, 2021			
	Within 1 year	1 year ~ 5 years	Over 5 years	Total
Non-trade payables	₩ 1,135,948	–	–	1,135,948
Long-term borrowings <sup>(*)</sup> <sup>(2)</sup>	21,879,521	1,084,980,382	–	1,106,859,903
Leasehold deposits received <sup>(2)</sup>	–	32,711,600	26,828,680	59,540,280
	<b>₩ 23,015,469</b>	<b>1,117,691,982</b>	<b>26,828,680</b>	<b>1,167,536,131</b>

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

#### (2) Capital risk management

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

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

Like other companies within industry, the Group manages the capital using capital funding ratio, which is computed by dividing net borrowings by total capital. Net borrowings are subtraction of cash and cash equivalents and short-term financial instruments from total borrowings on financial statement. Total capital is the sum of equity in financial statement and net borrowings.

Capital funding ratios as of December 31, 2022 and December 31, 2021, are as follows:

(In thousands of Korean won)

	December 31, 2022		December 31, 2021	
Borrowings and debentures	₩	2,053,435,150		1,045,415,163
Less: cash and cash equivalents and short-term financial instruments		75,242,066		23,411,083
Net borrowings		1,978,193,084		1,022,004,080
Total equity		2,946,912,680		1,798,604,380
Capital funding ratio		67.1%		56.8%

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 5. FINANCIAL INSTRUMENTS FAIR VALUE

Details of the fair value of financial instruments as of December 31, 2022 and December 31, 2021, are as follows:

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

(In thousands of Korean won)

	December 31, 2022		December 31, 2021	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents <sup>(1)</sup>	₩ 37,188,731	37,188,731	12,411,083	12,411,083
Short-term financial instruments <sup>(1)</sup>	38,053,335	38,053,335	11,000,000	11,000,000
Trade and other receivables (non-trade receivables) <sup>(1)</sup>	4,464	4,464	–	–
Other current financial assets (accrued income) <sup>(1)</sup>	2,362,685	2,362,685	450,970	450,970
Long-term financial instruments <sup>(1)</sup>	7,505,773	7,505,773	–	–
	<b>₩ 85,114,988</b>	<b>85,114,988</b>	<b>23,862,053</b>	<b>23,862,053</b>
<b>Financial liabilities</b>				
Short-term borrowings <sup>(1)</sup>	₩ 394,387,850	394,387,850	–	–
Debentures <sup>(1)</sup>	319,861,398	319,861,398	–	–
Other current financial liabilities (non-trade payables) <sup>(1)</sup>	2,134,767	2,134,767	1,135,948	1,135,948
Other current financial liabilities (accrued expense) <sup>(1)</sup>	4,118,427	4,118,427	–	–
Long-term borrowings <sup>(1)</sup>	1,231,178,233	1,231,178,233	1,045,415,163	1,045,415,163
Convertible bonds <sup>(1)</sup>	108,007,669	108,007,669	–	–
Leasehold deposits received <sup>(1)</sup>	82,492,336	82,492,336	51,887,269	51,887,269
	<b>₩ 2,142,180,680</b>	<b>2,142,180,680</b>	<b>1,098,438,380</b>	<b>1,098,438,380</b>

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

#### (2) Fair Value Hierarchy of Financial Instruments

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

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

As of December 31, 2022, the Group's financial instruments are cash and cash equivalents, other receivables, loans and rent deposits, which are excluded from the disclosure of the fair value hierarchy because their book values were estimated to be reasonable approximations of fair values.

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 6. FINANCIAL INSTRUMENTS

### (1) Book value by Category of Financial Instruments

#### 1) Financial Assets

(In thousands of Korean won)

	Financial assets measured at amortized cost	
	December 31, 2022	December 31, 2021
Cash and cash equivalents	₩ 37,188,731	12,411,083
Short-term financial instruments	38,053,335	11,000,000
Trade and other receivables (non-trade receivables)	4,464	-
Other current financial assets (accrued income)	2,362,685	450,970
Long-term financial instruments	7,505,773	-
	<b>₩ 85,114,988</b>	<b>23,862,053</b>

#### 2) Financial Liabilities

(In thousands of Korean won)

	Financial liabilities measured at amortized cost	
	December 31, 2022	December 31, 2021
Short-term borrowings	₩ 394,387,850	-
Debentures	319,861,398	-
Other current financial liabilities (non-trade payables)	2,134,767	1,135,948
Other current financial liabilities (accrued expenses)	4,118,427	-
Long-term borrowings	1,231,178,233	1,045,415,163
Convertible bonds	108,007,669	-
Leasehold deposits received	82,492,336	51,887,269
	<b>₩ 2,142,180,680</b>	<b>1,098,438,380</b>

### (2) Net Income by Category of Financial Instruments

(In thousands of Korean won)

	For the year ended December 31, 2022	For the year ended December 31, 2021
<b>Financial assets measured at amortized cost</b>		
Interest income	₩ 835,587	23,748
<b>Financial liabilities measured at amortized cost</b>		
Interest expenses	42,131,184	13,663,170

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2022 and December 31, 2021, are as follows:

(In thousands of Korean won)

	Financial institution	December 31, 2022	December 31, 2021	Note
Cash and cash equivalents	Standard Chartered Bank Korea Ltd., etc.	₩ 37,188,731	12,411,083	Pledged as security <sup>(*)</sup>

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

## 8. SHORT-TERM FINANCIAL INSTRUMENTS

Short-term financial instruments as of December 31, 2022 and December 31, 2021, are as follows:

(In thousands of Korean won)

	Financial institution	December 31, 2022	December 31, 2021	Note
Time deposits	Standard Chartered Bank Korea Ltd., etc.	₩ 38,053,335	11,000,000	Pledged as security <sup>(*)</sup>

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

## 9. TRADE AND OTHER RECEIVABLES

Trade and other receivables as of December 31, 2022 and December 31, 2021, are as follows:

(In thousands of Korean won)

	December 31, 2022	December 31, 2021
Non-trade receivables	4,464	-
Less: allowance for doubtful accounts	-	-
	<b>₩ 4,464</b>	

## 10. OTHER FINANCIAL ASSETS

Other assets as of December 31, 2022 and December 31, 2021, are as follows:

(In thousands of Korean won)

	December 31, 2022		December 31, 2021	
	Current	Non-Current	Current	Non-Current
Accrued income	₩ 2,362,685	-	450,970	-

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 11. OTHER ASSETS

Other assets as of December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	December 31, 2022		December 31, 2021	
	Current	Non-Current	Current	Non-Current
Prepaid expenses	₩ 2,991,423	–	352,229	–
Advanced tax	91,748	–	1,941	–
	<b>₩ 3,083,171</b>	<b>–</b>	<b>354,170</b>	<b>–</b>

## 12. LONG-TERM FINANCIAL INSTRUMENTS

Long-term financial instruments as of December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	Financial institution	December 31, 2022	December 31, 2021	Note
Time deposits	SHINHAN BANK, etc.	₩ 7,505,773	–	Pledged as security (*)

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

## 13. SUBSIDIARIES

(1) Details of the Group's investments in subsidiaries as of December 31, 2022 and December 31, 2021, are as follows.

Company name	Main business	Country	Percentage of Ownership(%)		Reporting period end
			December 31, 2022	December 31, 2021	
Clean Energy REIT Co., Ltd.	Real estate investment	Korea	100	100	End of March, June, September, and December
Total Value 1 REIT Co., Ltd.	Real estate investment	Korea	100	–	End of March, June, September, and December

(2) Summary of financial positions of the subsidiaries as of December 31, 2022 and December 31, 2021, is as follows:

(in thousands of Korean won)

	Clean Energy REIT Co., Ltd		Total Value 1 REIT Co., Ltd.	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Current assets	₩ 10,674,530	11,021,940	24,695,940	–
Non-current assets	806,141,700	807,560,425	664,743,442	–
<b>Total assets</b>	<b>816,816,230</b>	<b>818,582,365</b>	<b>689,439,382</b>	<b>–</b>
Current liabilities	1,780,471	1,667,889	250,411,427	–
Non-current liabilities	474,666,450	473,609,971	17,381,693	–
<b>Total liabilities</b>	<b>476,446,921</b>	<b>475,277,860</b>	<b>267,793,120</b>	<b>–</b>
Capital and reserves attributable to SK REIT CO., LTD.	340,369,309	343,304,505	421,646,262	–
Non-controlling equity	–	–	–	–
<b>Total equity</b>	<b>₩ 340,369,309</b>	<b>343,304,505</b>	<b>421,646,262</b>	<b>–</b>

The above summary of financial positions is the amount before the internal transaction is removed.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

(3) Summary of financial performances of the subsidiaries for the years ended December 31, 2022 and December 31, 2021, is as follows:

(in thousands of Korean won)

	Clean Energy REIT Co., Ltd		Total Value 1 REIT Co., Ltd.	
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022	For the year ended December 31, 2021
Sales	₩ 33,195,677	15,934,278	4,844,472	–
Operating profit	29,585,609	14,068,237	2,902,203	–
Net income	18,827,126	8,761,558	309,478	–
Other comprehensive income	–	–	–	–
<b>Total comprehensive income</b>	<b>₩ 18,827,126</b>	<b>8,761,558</b>	<b>309,478</b>	<b>–</b>

The above summary of financial performances is the amount before the internal transaction is removed.

(4) Summary of financial cash flows of the subsidiary for the years ended December 31, 2022 and December 31, 2021, is as follows:

(in thousands of Korean won)

	Clean Energy REIT Co., Ltd		Total Value 1 REIT Co., Ltd.	
	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2022	For the year ended December 31, 2021
Cash flows from operating activities	₩ 20,858,627	37,661,426	5,931,034	–
Cash flows from investing activities	32,943	(808,238,972)	(668,334,479)	–
Cash flows from financing activities	(21,762,323)	781,017,268	683,929,572	–
Net increase (decrease) in cash and cash equivalents	(870,753)	10,439,722	21,526,127	–
Cash and cash equivalents, beginning of the year	10,739,783	300,061	–	–
<b>Cash and cash equivalents, end of the year</b>	<b>₩ 9,869,030</b>	<b>10,739,783</b>	<b>21,526,127</b>	<b>–</b>

The above summary of financial performances is the amount before the internal transaction is removed.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 14. INVESTMENT PROPERTIES

(1) Investment properties as of December 31, 2022 and December 31, 2021, are as follows:

(In thousands of Korean won)

	December 31, 2022			December 31, 2021		
	Acquisition cost	Accumulated depreciation	Carrying value	Acquisition cost	Accumulated depreciation	Carrying value
Land	₩ 2,425,641,485	–	2,425,641,485	1,545,010,200	–	1,545,010,200
Buildings	630,471,839	(16,944,574)	613,527,265	319,086,659	(4,068,818)	315,017,841
	<b>₩ 3,056,113,324</b>	<b>(16,944,574)</b>	<b>3,039,168,750</b>	<b>1,864,096,859</b>	<b>(4,068,818)</b>	<b>1,860,028,041</b>

(2) Changes in investment properties for the years ended December 31, 2022 and December 31, 2021, are as follows:

(In thousands of Korean won)

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

(In thousands of Korean won)

	For the year ended December 31, 2021			
	Beginning balance	Acquisitions	Depreciation	Ending balance
Land	₩ –	1,545,010,200	–	1,545,010,200
Buildings	–	319,086,659	(4,068,818)	315,017,841
	<b>₩ –</b>	<b>1,864,096,859</b>	<b>(4,068,818)</b>	<b>1,860,028,041</b>

(3) Revenues and expenses related to investment properties for the years ended December 31, 2022 and December 31, 2021, are as follows:

(In thousands of Korean won)

	For the year ended December 31, 2022	For the year ended December 31, 2021
Operating revenues <sup>(*)</sup>	₩ 90,387,429	35,668,175
Operating expenses <sup>(**)</sup>	18,059,038	5,993,574

(\*1) Operating revenues consist of rental revenues.

(\*2) Operating expenses consist of depreciation expense, asset custody consignment fees, asset management consignment fees, and real estate management consignment fees.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

(4) Fair Value of Investment Properties

1) Among the investment properties, the fair values as of December 31, 2022 and December 31, 2021, of SK Seorin Building, which is provided for operating leases to SK Inc., are as follows:

(In thousands of Korean won)

	December 31, 2022		December 31, 2021	
	Book value	Fair value <sup>(*)</sup>	Book value	Fair value <sup>(*)</sup>
Land	₩ 779,333,004	814,407,000	779,333,004	781,292,000
Buildings	266,221,490	286,143,000	273,134,612	274,508,000
	<b>₩ 1,045,554,494</b>	<b>1,100,550,000</b>	<b>1,052,467,616</b>	<b>1,055,800,000</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment. (Evaluation date: December 31, 2022)

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

2) Among the investment properties, the fair values as of December 31, 2022 and December 31, 2021, of SK U Tower, which is provided for operating leases to SK hynix Inc., are as follows:

(In thousands of Korean won)

	December 31, 2022		December 31, 2021	
	Book value	Fair value <sup>(*)</sup>	Book value	Fair value <sup>(*)</sup>
Land	₩ 297,117,047	301,002,800	–	–
Buildings	233,117,841	239,397,200	–	–
	<b>₩ 530,234,888</b>	<b>540,400,000</b>	<b>–</b>	<b>–</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment. (Evaluation date: December 31, 2022)

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

3) Among the investment properties, the fair values as of December 31, 2022 and December 31, 2021, of the gas stations provided for operating leases to SK Energy Co., Ltd., are as follows.

(In thousands of Korean won)

	December 31, 2022		December 31, 2021	
	Book value	Fair value (*)	Book value	Fair value (*)
Land	₩ 765,677,197	806,541,669	765,677,197	769,909,332
Buildings	40,464,502	45,789,011	41,883,228	44,081,992
	<b>₩ 806,141,699</b>	<b>852,330,680</b>	<b>807,560,425</b>	<b>813,991,324</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment. (Evaluation date: December 31, 2022)

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

4) Among the investment properties, the fair values as of December 31, 2022 and December 31, 2021, of Jong-ro Tower, which is provided for operating leases to SK On Co., Ltd. etc., are as follows:

(In thousands of Korean won)

	December 31, 2022		December 31, 2021	
	Book value	Fair value (*)	Book value	Fair value (*)
Land	₩ 583,514,238	569,276,600	-	-
Buildings	73,723,431	72,523,400	-	-
	<b>₩ 657,237,669</b>	<b>641,800,000</b>	<b>-</b>	<b>-</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Sam-chang Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment. (Evaluation date: July 21, 2022)

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 target building.

#### (5) Operational Lease Provision Details

##### 1) Details of provision to SK Inc.

The Group has a contract with SK Inc. to provide operating leases for SK Seorin Building, and the depreciation expenses of the operating lease assets are KRW 6,913,123 thousand and KRW 3,390,271 thousand, respectively, during the current and prior periods.

On the other hand, the details of the future minimum lease fee expected to be received by the Group as of the end of the reporting periods for the above investment property are as follows:

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

(In thousands of Korean won)

	December 31, 2022		December 31, 2021	
Within 1 year	₩	40,378,839		39,548,324
1 year ~ 2 years		40,984,522		40,141,549
2 years ~ 3 years		41,599,290		40,743,672
3 years ~ 4 years		20,954,481		41,354,828
4 years ~ 5 years		-		20,831,340
	<b>₩</b>	<b>143,917,132</b>		<b>182,619,713</b>

In addition, the rental revenues recognized in relation to the operating lease during the current and prior periods are as follows:

(In thousands of Korean won)

	For the year ended December 31, 2022		For the year ended December 31, 2021	
Rental revenues	₩	41,261,532		19,733,897

##### 2) Details of provision to SK hynix Inc.

The Group has a contract with SK hynix Inc. to provide operating leases for SK U Tower, and the depreciation expense of the operating lease asset is KRW 4,006,204 thousand during the current period.

On the other hand, the details of the future minimum lease fee expected to be received by the Group as of the end of the reporting periods for the above investment property are as follows:

(In thousands of Korean won)

	December 31, 2022		December 31, 2021	
Within 1 year	₩	20,952,444		-
1 year ~ 2 years		21,266,731		-
2 years ~ 3 years		21,585,732		-
3 years ~ 4 years		21,909,518		-
4 years ~ 5 years		11,036,308		-
	<b>₩</b>	<b>96,750,733</b>		<b>-</b>

In addition, the rental revenues recognized in relation to the operating lease during the current and prior periods are as follows:

(In thousands of Korean won)

	For the year ended December 31, 2022		For the year ended December 31, 2021	
Rental revenues	₩	11,085,747		-

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

#### 3) Details of provision to SK Energy Co., Ltd

The Group has a contract with SK Energy Co., Ltd. to provide operating leases for Gayang gas station and other gas stations, and the depreciation expenses of the operating lease assets are KRW 1,418,727 thousand and KRW 678,547 thousand, respectively, during the current and prior periods.

On the other hand, the details of the future minimum lease fee expected to be received by the Group as of the end of the reporting periods for the above investment property are as follows:

(in thousands of Korean won)

	December 31, 2022		December 31, 2021	
Within 1 year	₩	32,147,040		32,147,040
1 year ~ 2 years		32,147,040		32,147,040
2 years ~ 3 years		32,147,040		32,147,040
3 years ~ 4 years		32,307,775		32,147,040
4 years ~ 5 years		32,630,853		32,307,775
Over 5 years		116,756,926		149,387,779
	₩	<b>278,136,674</b>		<b>310,283,714</b>

In addition, the rental revenues recognized in relation to the operating lease during the current and prior periods are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2022		For the year ended December 31, 2021	
Rental revenues	₩	33,195,678		15,934,278

#### 4) Details of provision to SK On Co., Ltd., etc.

The Group has a contract with SK On Co., Ltd., etc. to provide operating leases for Jong-ro Tower, and the depreciation expense of the operating lease asset is KRW 537,703 thousand during the current period.

On the other hand, the details of the future minimum lease fee expected to be received by the Group as of the end of the reporting periods for the above investment property are as follows:

(in thousands of Korean won)

	December 31, 2022		December 31, 2021	
Within 1 year	₩	22,663,680		-
1 year ~ 2 years		22,383,633		-
2 years ~ 3 years		19,533,349		-
3 years ~ 4 years		17,742,693		-
4 years ~ 5 years		4,633,215		-
Over 5 years		1,212,445		-
	₩	<b>88,169,015</b>		<b>-</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

In addition, the rental revenues recognized in relation to the operating lease during the current and prior periods are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2022		For the year ended December 31, 2021	
Rental revenues	₩	2,933,213		-
Maintenance fee revenues		1,699,506		-
Other revenues		211,753		-
	₩	<b>4,844,472</b>		<b>-</b>

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

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

(in thousands of Korean won)

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

(in thousands of Korean won)

December 31, 2021				
	Level 1	Level 2	Level 3	Total
Investment properties	₩ -	-	1,869,791,324	<b>1,869,791,324</b>

#### (7) Valuation Methods and Input Variables

(in thousands of Korean won)

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

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

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

(in thousands of Korean won)

December 31, 2021					
	Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩ 1,869,791,324	3	(*)	Price per square meter and operating income	(**)

(\*1) Income capitalization approach was applied to the contract of providing operating leases to SK Inc., and the cost approach was applied to the contract of providing operating leases to SK Energy Co., Ltd.

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 15. ASSETS PLEDGED AS SECURITY

Details of investment properties that are pledged as security as of December 31, 2022, 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 OneQ No. 1	72,000,000	60,000,000			
			S Tiger K Co., Ltd.	96,000,000	80,000,000			
			KOOKMIN BANK	180,000,000	150,000,000			
			Sumitomo Mitsui Banking Corporation	138,960,000	115,800,000			
			Mizuho Bank Co Ltd.	96,000,000	80,000,000			
			Subtotal	722,160,000	601,800,000			
			Subordinated	SK Inc.	39,253,920		32,711,600	Leasehold deposits
				Subtotal	39,253,920		32,711,600	
					<b>761,413,920</b>		<b>634,511,600</b>	
	Investment properties (SK U Tower)	Land/Buildings (*)	Prior	Standard Chartered Bank Korea Ltd	44,856,000	37,380,000	Long-term borrowings	
				KOOKMIN BANK	82,800,000	69,000,000		
				Sumitomo Mitsui Banking Corporation	46,800,000	39,000,000		
Mizuho Bank Co Ltd.				46,800,000	39,000,000			
Subtotal				221,256,000	184,380,000			
Collateral security				Standard Chartered Bank Korea Ltd	48,000,000	40,000,000		Short-term borrowings
				Sumitomo Mitsui Banking Corporation	48,000,000	40,000,000		
				Mizuho Bank Co Ltd.	48,000,000	40,000,000		
				Subtotal	144,000,000	120,000,000		
Subordinated				SK hynix Inc.	20,796,470	17,330,392		Leasehold deposits
		Subtotal	20,796,470	17,330,392				
			<b>386,052,470</b>	<b>321,710,392</b>				

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

Provided Assets	Set-up Authority	Maximum Amount of Bonds	Carrying Amount	Related Liabilities		
Investment properties (Gayang gas station and other gas stations)	Land/Buildings (*)	Prior	Standard Chartered Bank Korea Ltd	156,120,000	130,100,000	Long-term borrowings
			Clean Energy One Q No.1	72,000,000	60,000,000	
			S Tiger Energy Co., Ltd.	48,000,000	40,000,000	
			KOOKMIN BANK	156,000,000	130,000,000	
			Sumitomo Mitsui Banking Corporation	24,000,000	20,000,000	
			Mizuho Bank Co Ltd.	84,000,000	70,000,000	
			Subtotal	540,120,000	450,100,000	
	Subordinated	SK Energy Co. Ltd.	32,194,416	26,828,680	Leasehold deposits	
		Subtotal	32,194,416	26,828,680		
			<b>572,314,416</b>	<b>476,928,680</b>		
	Investment properties (Jong-ro Tower)	Preferred beneficiary rights of collateral trust	Standard Chartered Bank Korea Ltd	185,760,000	154,800,000	Short-term borrowings
			Sumitomo Mitsui Banking Corporation	108,000,000	90,000,000	
			Subtotal	293,760,000	244,800,000	
leasehold		Starbucks coffee Korea	350,000	350,000	Leasehold deposits	
		Subtotal	350,000	350,000		
Collateral security		McDonald's Korea	2,400,000	2,000,000	Leasehold deposits	
		JT International Korea Inc	1,027,860	856,550		
		SECUi Corp.	2,400,000	2,000,000		
		SK On Co., Ltd. and 5 lessees	6,051,171	5,042,643		
		Subtotal	11,879,031	9,899,193		
			<b>305,989,031</b>	<b>255,049,193</b>		
			<b>₩ 2,025,769,837</b>	<b>1,688,199,865</b>		

(\*) The book values of land and buildings pledged as security by the Group are KRW 1,045,554,494 thousand for Seorin Building, KRW 530,234,888 thousand for SK U Tower, KRW 806,141,699 thousand for Gayang gas station and other gas stations and KRW 657,237,669 thousand for Jong-ro Tower.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 16. INSURANCE SUBSCRIPTION STATUS

(1) Details of insurance that the Group subscribes to SK Seorin Building among investment properties as of December 31, 2022, are as follows:

(in thousands of Korean won)

	Assets	Indemnity amount	Company
Comprehensive property risk	Buildings etc.	₩ 349,492,037	Hyundai Marine & Fire Insurance Co., Ltd.
Risk of corporate suspension		80,757,678	
Risk of liability for indemnity	N/A	10,000,000 per accident and for people and property collectively	

The right to receive insurance claim for the above insurance is subjected to pledge 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 borrowings.

(2) Details of insurance that the Group subscribes to SK U Tower among investment properties as of December 31, 2022, are as follows:

(in thousands of Korean won)

	Assets	Indemnity amount	Company
Comprehensive property risk	Buildings etc.	₩ 229,285,000	Hyundai Marine & Fire Insurance Co., Ltd.
Risk of corporate suspension		41,904,888	
Risk of liability for indemnity	N/A	10,000,000 per accident and for people and property collectively	

The right to receive insurance claim for the above insurance is subjected to pledge 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 borrowings.

(3) Details of insurance that SK Energy Co., Ltd., the lessee of the Group, subscribes to the Group as the insured as of December 31, 2022, are as follows:

(in thousands of Korean won)

	Assets	Indemnity amount	Company
Comprehensive property risk	Buildings etc.	₩ 385,558,308	Hyundai Marine & Fire Insurance Co., Ltd.
Risk of corporate suspension		127,022,242	
Risk of liability for indemnity	N/A	3,000,000 per accident and for people and property collectively	

The right to receive insurance claim for the above insurance is subjected to pledge of which amount is KRW 540,120,000 thousand with the limit of which is indemnity amount at Standard Chartered Bank Korea Co., Ltd., etc. in relation to borrowings.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

(4) Details of insurance that the Group subscribes to Jong-ro Tower among investment properties as of December 31, 2022, are as follows:

(in thousands of Korean won)

	Assets	Indemnity amount	Company
Comprehensive property risk	Buildings etc.	₩ 139,138,024	KB Insurance Co., Ltd.
Machinery risk	Machinery	139,138,024	
Risk of corporate suspension	Buildings etc.	53,253,851	
	Machinery	53,253,851	
Risk of liability for indemnity	N/A	6,510,000	

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 borrowings.

## 17. OTHER FINANCIAL LIABILITIES

Other financial liabilities as of December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	December 31, 2022		December 31, 2021	
	Current	Non-Current	Current	Non-Current
Non-trade payables	₩ 2,134,767	–	1,135,948	–
Accrued expenses	4,118,427	–	–	–
	<b>₩ 6,253,194</b>	<b>–</b>	<b>1,135,948</b>	<b>–</b>

## 18. OTHER LIABILITIES

Other liabilities as of December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	December 31, 2022		December 31, 2021	
	Current	Non-Current	Current	Non-Current
Unearned revenues	₩ 2,571,941	9,869,230	1,138,357	6,476,424
VAT payables	2,497,962	–	1,590,761	–
Withholdings	441	–	43	–
Advances from customers	1,527,060	–	–	–
	<b>₩ 6,597,404</b>	<b>9,869,230</b>	<b>2,729,161</b>	<b>6,476,424</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 19. DEBENTURES AND BORROWINGS

(1) Details of debentures as of December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

Funding Purpose	Financial institution	December 31, 2022	December 31, 2021	Interest rate (%)	Maturity date	Repayment method
Public-offering bonds	SK SECURITIES Co., Ltd	₩ 38,400,000	–	5.06	October 6, 2023	Repayment at maturity
	Korea Investment & Securities Co., Ltd	38,400,000	–			
	SAMSUNG SECURITIES Co., Ltd	19,200,000	–			
Short-term bonds	Korea Investment & Securities Co., Ltd	100,000,000	–	6.25	February 28, 2023	Repayment at maturity
	Korea Investment & Securities Co., Ltd	100,000,000	–	6.30	March 14, 2023	Repayment at maturity
	SAMSUNG SECURITIES Co., Ltd	24,000,000	–			
Convertible bonds	Standard Chartered Bank Korea Ltd.	50,000,000	–	4.00	December 12, 2025	Repayment at maturity
	NH INVESTMENT & SECURITIES CO.,LTD.	6,000,000	–			
	Shinhan Securities Co., Ltd.	38,000,000	–			
	Korea Investment & Securities Co., Ltd	15,000,000	–			
Subtotal		429,000,000	–			
Less: discount account on present value		(1,130,933)	–			
		₩ 427,869,067	–			

(2) Details of convertible bonds as of December 31, 2022, are as follows:

Type	2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds
Issue date	December 13, 2022
Maturity	December 12, 2025
Face value	KRW 109,000,000,000
Issuance amount	KRW 109,000,000,000
Total amount	KRW 109,000,000,000
Coupon rate	4.0%
Guaranteed maturity rate	5.5%
Redemption method	The amount equivalent to the guaranteed maturity rate of 104.8516% of the debenture amount will be repaid at maturity
Type of Bond	Private offering
Conversion Rate (%)	100
Conversion Price	KRW 4,779 per share

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

Type	2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds	
Stocks to be issued due to Conversion	Stocks	Registered ordinary shares of SK REIT CO., LTD.
	Number of shares	22,808,118
	Percentage of Number of Shares Outstanding (%)	10.40
Conversion Request Period	Start date	December 13, 2023
	End date	November 12, 2025
Option	Early Redemption Claim (Put Option)	The bond holders are entitled to early redemption right after 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)

(3) Details of short-term borrowings as of December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

Funding Purpose	Financial institution	December 31, 2022	December 31, 2021	Interest rate (%)	Maturity date	Repayment method
Facility funds	Standard Chartered Bank Korea Co., Ltd	₩ 40,000,000	–	3.49	June 30, 2023	Repayment at maturity
	Sumitomo Mitsui Banking Corporation	40,000,000	–			
	Mizuho Bank Co Ltd.	40,000,000	–			
Unsecured	Standard Chartered Bank Korea Co., Ltd	30,000,000	–	6.53	August 31, 2023	Repayment at maturity
Convertible bonds	Standard Chartered Bank Korea Co., Ltd	154,800,000	–	5.07	October 13, 2023	Repayment at maturity
	Sumitomo Mitsui Banking Corporation	90,000,000	–			
	Subtotal	394,800,000	–			
	Less: discount account on present value	(412,150)	–			
		₩ 394,387,850	–			

Investment properties of the Group are provided as collateral in relation to the above short-term borrowings (see note 15).

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

(4) Details of long-term borrowings as of December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

Funding Purpose	Financial institution	December 31, 2022	December 31, 2021	Interest rate (%)	Maturity date	Repayment method
Facility funds	Standard Chartered Bank Korea Co., Ltd	₩ 246,100,000	246,100,000	2.08	July 5, 2024	Repayment at maturity
	SK Office One Q No.1	60,000,000	60,000,000			
	Clean Energy One Q No.1	60,000,000	60,000,000			
	S Tiger K Co., Ltd.	80,000,000	80,000,000			
	S Tiger Energy Co., Ltd.	40,000,000	40,000,000			
	KOOKMIN BANK	280,000,000	280,000,000			
	Sumitomo Mitsui Banking Corporation	135,800,000	135,800,000			
	Mizuho Bank Co Ltd.	150,000,000	150,000,000			
Facility funds	Standard Chartered Bank Korea Co., Ltd	37,380,000	–	4.44	June 30, 2025	Repayment at maturity
	KOOKMIN BANK	69,000,000	–			
	Sumitomo Mitsui Banking Corporation	39,000,000	–			
	Mizuho Bank Co Ltd.	39,000,000	–			
	Subtotal	1,236,280,000	1,051,900,000			
	Less: discount account on present value	(5,101,767)	(6,484,837)			
		<b>₩ 1,231,178,233</b>	<b>1,045,415,163</b>			

Investment of properties of the Group are provided as collateral in relation to the above long-term borrowings (see note 15).

## 20. LEASEHOLD DEPOSITS RECEIVED

Details of leasehold deposits received as of December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	December 31, 2022	December 31, 2021
Nominal value	₩ 95,071,278	59,540,280
Less: discount account on present value	(12,578,942)	(7,653,011)
<b>Book value</b>	<b>₩ 82,492,336</b>	<b>51,887,269</b>

## 21. CAPITAL STOCK

(1) Details of capital stock as of December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	December 31, 2022	December 31, 2021
Authorized shares of capital stock	5,000,000,000 shares	5,000,000,000 shares
Par value	KRW 500	KRW 500
Issued number of ordinary shares	196,554,079 shares	155,020,532 shares
Capital stock:	KRW 98,277,040 thousand	KRW 77,510,266 thousand

(2) Changes in capital stock for the years ended December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won, Shares)

	For the year ended December 31, 2022		For the year ended December 31, 2021	
	Number of shares	Capital stock	Number of shares	Capital stock
Beginning balance	₩ 155,020,532	77,510,266	–	–
Capital increase with consideration	41,533,547	20,766,774	155,020,532	77,510,266
<b>Ending balance</b>	<b>₩ 196,554,079</b>	<b>98,277,040</b>	<b>155,020,532</b>	<b>77,510,266</b>

## 22. OTHER PAID-IN-CAPITAL:

(1) Details of other paid-in capital as of December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	December 31, 2022	December 31, 2021
Share premium	₩ 869,329,497	687,262,384
value of conversion rights (*)	640,638	–
Other capital surplus	150,699	–
	<b>₩ 870,120,834</b>	<b>687,262,384</b>

(\*) The Group issued convertible bonds with an issuance price of KRW 109,000 million and a maturity of three years. The conversion rights of these convertible bonds were classified as equity and were recognised by subtracting the fair value of the financial liabilities from the fair value of the entire financial instruments.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

(2) Changes in paid-in capital for the years ended December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2022		For the year ended December 31, 2021	
Beginning balance	₩	687,262,384		–
Capital increase with consideration		187,503,914		687,994,835
Transfer to retained earnings		(5,436,801)		(612,359)
Issuance of convertible bonds		2,649,818		–
Redemption of convertible bonds		(1,858,481)		–
Others		–		(120,092)
<b>Ending balance</b>	<b>₩</b>	<b>870,120,834</b>		<b>687,262,384</b>

## 23. DIVIDENDS

Details of planned dividend payment as of December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	December 31, 2022		December 31, 2021	
Total dividends	₩	12,972,569,214		10,870,235,383
Issued number of ordinary shares (in shares)		196,554,079		155,020,532
Dividends per share		66		70
Par value		500		500
Dividends ratio		13.20%		14.02%

## 24. INCOME TAXES EXPENSES

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 25. EARNINGS PER SHARE

Earnings per share for the years ended December 31, 2022 and December 31, 2021, are as follows:

(1) Basic earnings per share of ordinary shares

(in Korean won, shares)

	December 31, 2022		December 31, 2021	
Profit for the year	₩	28,932,185,367		15,052,477,140
Profit for the year, attributable to the owners		28,932,185,367		15,052,477,140
Weighted-average number of ordinary shares outstanding (in shares)		171,064,998		85,864,622
Basic earnings per share		169.13		175.3

(2) Calculation of weighted average number of ordinary shares outstanding

(in shares)

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

(in shares)

	Term	Number of shares in circulation	days	Accumulation
Beginning balance	March 15, 2021 ~ December 31, 2021	600,000	292	175,200,000
Capital increase with consideration	July 5, 2021 ~ December 31, 2021	100,000	180	18,000,000
Capital increase with consideration	July 6, 2021 ~ December 31, 2021	107,810,266	179	19,298,037,614
Capital increase with consideration	September 3, 2021 ~ December 31, 2021	46,510,266	120	5,581,231,920
				<b>25,072,469,534</b>
Weighted average number of ordinary shares outstanding				85,864,622

(3) Diluted earnings per share

The Group has issued convertible bonds that are potential ordinary shares. However, diluted earnings per share are the same as basic earnings per share because the convertible bonds are antidilutive as of December 31, 2022 and December 31, 2021.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 26. OPERATING REVENUES

Details of operating revenues for the years ended December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

		For the year ended December 31, 2022	For the year ended December 31, 2021
Rental revenues	₩	88,476,170	35,668,175
Maintenance fee revenues		1,699,506	–
Other revenues		211,753	–
	₩	<b>90,387,429</b>	<b>35,668,175</b>

## 27. OPERATING EXPENSES

Details of operating expenses for the years ended December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

		For the year ended December 31, 2022	For the year ended December 31, 2021
Salaries	₩	80,000	28,000
Insurance expenses		44,016	11,140
Depreciation		12,875,757	4,068,818
Asset management consignment fees		4,511,032	1,805,167
Asset custody consignment fees		46,149	17,481
General affairs consignment fees		290,056	96,637
Real estate management consignment fees		626,102	52,713
Commission expenses		865,351	652,075
Taxes and due		289,158	–
Utility expenses		432,896	–
Deemed rent		86,415	34,933
Advertisement		–	210,455
	₩	<b>20,146,932</b>	<b>6,977,419</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 28. FINANCE INCOME AND COSTS

Details of finance income and costs for the years ended December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

		For the year ended December 31, 2022	For the year ended December 31, 2021
Finance income	Interest income	₩ 835,587	23,748
Finance costs	Interest expenses	42,131,184	13,663,170
		₩ <b>(41,295,597)</b>	<b>(13,639,422)</b>

## 29. OTHER INCOME AND EXPENSES

Details of other income and expenses for the years ended December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

		For the year ended December 31, 2022	For the year ended December 31, 2021
Other income	Miscellaneous gains	₩ 38,118	1,143
Other expenses	Loss on redemption of debentures	50,832	–
		₩ <b>(12,714)</b>	<b>1,143</b>

## 30. RELATED-PARTY TRANSACTIONS

(1) Details of related parties as of December 31, 2022, are as follows:

Type	2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds
Controlling company	SK Inc.
Others	SK REITs Management Co., Ltd.
Large business group affiliates	SK Energy Co. Ltd., SK hynix Inc., SK On Co., Ltd. and other SK business group affiliates

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

(2) Significant transactions between the Group and related parties for the years ended December 31, 2022 and December 31, 2021, are as follows:

Type	Name of the related party	Account headings	December 31, 2022	December 31, 2021
Controlling company	SK Inc.	Rental revenues <sup>(*)1</sup>	₩ 40,621,608	19,413,935
		Commission expenses	42,978	–
Others	SK REITs Management Co., Ltd.	Asset management trust fees	4,511,032	1,805,167
		Stock transfers	300,000	–
		Purchase fees	6,420,000	–
Large business group affiliates	SK Energy Co. Ltd.	Rental revenues <sup>(*)2</sup>	32,696,444	15,685,060
		Investment properties (purchase)	–	764,858,372
	SK hynix Inc.	Rental revenues <sup>(*)3</sup>	10,772,665	–
		Investment properties (purchase)	507,200,000	–
	SK shieldus Co.,Ltd	Real estate management consignment fees	28,960	–
		Due diligence fees	24,000	–
	SK On Co., Ltd.	Operating revenues	1,036,952	–
	SK Geo Centric Co., Ltd.	Operating revenues	482,879	–
	SK Energy Co. Ltd.	Operating revenues	410,059	–
	SK ecoplant Co., Ltd.	Operating revenues	207,831	–
	SK E&S Co., Ltd.	Operating revenues	323,285	–
	SK Forest Co., Ltd.	Operating revenues	102,887	–
	SK Networks Company Limited	Investment properties (purchase)	–	1,582,374

(\*)1 KRW 639,924 thousand and 319,962 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*)2 KRW 499,234 thousand and 249,218 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*)3 KRW 313,082 thousand reflected in the operating income of the unearned income has been excluded during the current period.

Meanwhile, the Group was designated by SK REITs Management Co., Ltd., a related party, to negotiate the preferential purchase of Jong-ro Tower and acquired the building at fair value during the current period.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

(3) Outstanding balances to related parties as of December 31, 2022 and December 31, 2021, are as follows:

Type	Name of the related party	Account headings	December 31, 2022	December 31, 2021
Controlling company	SK Inc.	Leasehold deposits received <sup>(*)1</sup>	₩ 32,711,600	32,711,600
		Accrued income <sup>(*)2</sup>	1,281,187	314,583
Others	SK REITs Management Co., Ltd.	Non-trade payables	1,304,907	1,023,299
Large business group affiliates	SK Energy Co. Ltd.	Leasehold deposits received <sup>(*)3</sup>	26,828,680	26,828,680
		Accrued income <sup>(*)2</sup>	627,331	125,303
	SK hynix Inc.	Leasehold deposits received <sup>(*)1</sup>	17,330,392	–
		Accrued income <sup>(*)2</sup>	316,662	–
	SK shieldus Co.,Ltd	Non-trade payables	5,280	–
	SK On Co., Ltd., etc.	Leasehold deposits received	9,546,249	–

(\*)1 It is a nominal value that does not reflect the current value discount of KRW 5,119,124 thousand and KRW 2,894,266 thousand, respectively.

(\*)2 The Group recognized no allowance for accrued income as of December 31, 2022 and December 31, 2021.

(\*)3 It is a nominal value that does not reflect the current value discount of KRW 4,306,850 thousand and KRW 4,758,745 thousand, respectively.

(4) Significant cash transactions between the Group and related parties for the years ended December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

Type	Name of the related party	Account headings	December 31, 2022	December 31, 2021
Controlling company	SK Inc.	Capital increase with consideration	₩ 35,384,610	387,551,330

(5) Key management personnel compensations for the years ended December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2022	For the year ended December 31, 2021
Key management personnel compensation	₩ 80,000	28,000

(6) Dividends paid to related parties for the years ended December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

Type	Name of the related party	For the year ended December 31, 2022	For the year ended December 31, 2021
Controlling company	SK Inc.	₩ 21,261,025	4,125,568

(7) Details of significant commitments between the Group and related parties are described in note 31.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 31. COMMITMENTS

### (1) Asset management contract

#### 1) Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets, such as real estate acquisition, management, improvement and disposal, real estate development, leasing and security trading, with paying the following asset management fees (see note 30).

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

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

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets such as real estate acquisition, management, improvement and disposal, real estate development, leasing and securities trading, with paying the following asset management fees (see note 30).

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

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

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets such as real estate acquisition, management, improvement and disposal, real estate development, leasing and securities trading, with paying the following asset management fees (see note 30).

Type	Detail
Purchase fee	KRW 6,420,000,000
Management fees	Purchase price * 0.2%/365(366 days for leap year) * Days (number of days of holding the operating asset)
Asset management performance fee	(Dividend before commission – dividend before highest commission) * (average number of issued shares per day) * 25%
Disposal fee	Real property: 0.7% of disposal value Others: (Total Value + Premium of the Assets disposed) * Disposal Ratio * 0.7%
Disposal performance fee	Real property: (Disposal price – Purchase price – Disposal fee) * 10% – Accumulated amount of asset management performance fee Others: (Total value of disposed assets + premium – purchase price – disposal fee) * disposal ratio * 10% – accumulated amount of asset management performance fee

### (2) General affairs consignment contract

#### 1) Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has entered into a general business consignment contract with Shinhan Aitas Co., Ltd. for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

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

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

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

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

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

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

#### (3) Asset trust contract

##### 1) Contract to provide operating lease to SK Inc. and SK hynix Inc.

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

Type	Detail
Asset trust fees	Real estate: KRW1.25 million for each closing period (VAT not included) Securities, cash: KRW 5 million for each closing period (VAT not included)

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

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

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

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

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

Type	Detail
Asset trust fees	Real estate: KRW1.25 million for each closing period (VAT not included) Securities, cash: KRW 5 million for each closing period (VAT not included)

#### (4) Negotiating rights for preferential purchase

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

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

#### (5) Lease agreement

##### 1) Contract for providing operating lease to SK Inc.

Regarding the lease of SK Seorin Building, the Group has entered into a five-year lease agreement (rental deposit of KRW 32,711,600 thousand and monthly rent of KRW 3,271,160 thousand) with SK Inc. from July 6, 2021 to July 5, 2026 (see note 30).

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

Regarding the lease of SK Energy Gayang gas Station and other 115 gas stations, the Group has entered into a ten-year lease agreement (rental deposit of KRW 26,828,680 thousand and monthly rent of KRW 2,682,868 thousand) with SK Energy Co., Ltd. from July 7, 2021 to June 30, 2031 (see note 30).

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

##### 3) Contract for providing operating lease to SK hynix Inc.

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

#### (6) Loan agreement

Details of the loan agreement as of December 31, 2022, are as follows:

(in thousands of Korean won)

	Financial institutions	Contract amount	Loan amount	Annual interest rate(%)	Maturity	Repayment method
Prior (SK Seorin Building)	Standard Chartered Bank Korea Ltd	₩ 116,000,000	116,000,000	2.08	July 5, 2024	Repayment at maturity
	SK Office OneQ No. 1	60,000,000	60,000,000			
	S Tiger K Co., Ltd.	80,000,000	80,000,000			
	KOOKMIN BANK	150,000,000	150,000,000			
	Sumitomo Mitsui Banking Corporation	115,800,000	115,800,000			
	Mizuho Bank, Ltd.	80,000,000	80,000,000			
	Subtotal	601,800,000	601,800,000			
Prior (SK U Tower)	Standard Chartered Bank Korea Ltd	40,000,000	40,000,000	3.49	June 30, 2023	Repayment at maturity
	Sumitomo Mitsui Banking Corporation	40,000,000	40,000,000			
	Mizuho Bank, Ltd.	40,000,000	40,000,000			
	Subtotal	120,000,000	120,000,000			

(continued)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

	Financial institutions	Contract amount	Loan amount	Annual interest rate(%)	Maturity	Repayment method
Prior (SK U Tower)	Standard Chartered Bank Korea Ltd	37,380,000	37,380,000	4.44	June 30, 2025	Repayment at maturity
	KOOKMIN BANK	69,000,000	69,000,000			
	Sumitomo Mitsui Banking Corporation	39,000,000	39,000,000			
	Mizuho Bank, Ltd.	39,000,000	39,000,000			
	Subtotal	184,380,000	184,380,000			
Prior (Gayang gas station and other 115 gas stations)	Standard Chartered Bank Korea Ltd	130,100,000	130,100,000	2.08	July 5, 2024	Repayment at maturity
	Clean Energy OneQ No. 1	60,000,000	60,000,000			
	S Tiger Energy Co., Ltd.	40,000,000	40,000,000			
	KOOKMIN BANK	130,000,000	130,000,000			
	Sumitomo Mitsui Banking Corporation	20,000,000	20,000,000			
	Mizuho Bank, Ltd.	70,000,000	70,000,000			
	Subtotal	450,100,000	450,100,000			
Prior (Jong-ro Tower)	Standard Chartered Bank Korea Ltd	154,800,000	154,800,000	5.07	October 13, 2023	Repayment at maturity
	Sumitomo Mitsui Banking Corporation	90,000,000	90,000,000			
	Subtotal	244,800,000	244,800,000			
Unsecured	Standard Chartered Bank Korea Ltd	30,000,000	30,000,000	6.53	August 31, 2023	Repayment at maturity
		<b>₩ 1,631,080,000</b>	<b>1,631,080,000</b>			

#### 7) Collateral trust contract

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

#### (8) Brand use agreement

As of 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 (see note 30).

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

## 32. SUPPLEMENTAL CASH FLOW INFORMATION

(1) Details of Cash flows from operating activities for the years ended December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2022	For the year ended December 31, 2021
<b>Profit for the year</b>	<b>₩ 28,932,185</b>	<b>15,052,477</b>
<b>Adjustment:</b>	<b>52,634,119</b>	<b>17,139,061</b>
Depreciation	12,875,757	4,068,818
Interest expenses	42,131,184	13,663,170
Loss on redemption of debentures	50,832	–
rental revenues	(1,588,067)	(569,179)
Interest income	(835,587)	(23,748)
<b>Changes in operating assets and liabilities:</b>	<b>1,659,276</b>	<b>61,474,917</b>
(Increase) in other accounts receivable	(4,465)	–
(Increase) in accrued income	(1,818,237)	(439,887)
Decrease in Prepayments	–	170,000
(Increase) in prepaid expenses	(114,518)	(352,229)
Decrease in VAT receivables	–	17,000
Increase in VAT payables	907,202	1,590,762
Increase in other payables	998,819	948,948
Increase in advances from customers	1,527,060	–
Increase in accrued expenses	163,018	–
Increase in withholdings	397	43
Increase in leasehold deposits received	–	59,540,280
<b>Cash flows from operating activities</b>	<b>83,225,580</b>	<b>93,666,455</b>

(2) The significant non-cash transactions for the years ended December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2022	For the year ended December 31, 2021
Reclassification of the current portion of long-term unearned revenues	₩ 2,211,533	569,180
Reclassification of long-term leasehold deposits received to unearned revenues	3,276,566	–
Increase in long-term unearned revenues	3,130,823	–

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of December 31, 2022 and December 31, 2021

(3) Reconciliation details of liabilities arising from financial activities for the years ended December 31, 2022 and December 31, 2021, are as follows:

(in thousands of Korean won)

	For the year ended December 31, 2022				
	Beginning of period	Cashflows	Amortization	Non-cash transactions	End of period
Short-term borrowings	₩ -	394,035,932	295,668	56,250	394,387,850
Long-term borrowings	1,045,415,163	182,997,150	2,765,920	-	1,231,178,233
Debentures	-	319,867,780	41,618	(48,000)	319,861,398
Convertible bonds	-	108,514,856	233,318	(740,506)	108,007,668
Leasehold deposits received	51,887,269	35,530,998	1,481,458	(6,407,389)	82,492,336

(in thousands of Korean won)

	For the year ended December 31, 2021				
	Beginning of period	Cashflows	Amortization	Non-cash transactions	End of period
Long-term borrowings	₩ -	1,044,188,600	1,226,563	-	1,045,415,163

## 33. OPERATING SEGMENTS

(1) Asset management contract

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.

The Group's operating revenues were entirely domestic, and information related to external customers with whom the Group conducts transactions that amount to 10% or more of the Group's operating revenues for the years ended December 31, 2022, and December 31, 2021, are as follows:

(in thousands of Korean won)

Customer	Type	For the year ended December 31, 2022		For the year ended December 31, 2021
SK Inc.	Operating revenues <sup>(*)1</sup>	₩	40,621,608	19,413,935
SK hynix Inc.	Operating revenues <sup>(*)2</sup>		10,772,665	-
SK Energy Co. Ltd.	Operating revenues <sup>(*)3</sup>		32,696,444	15,685,060
		₩	<b>84,090,717</b>	<b>35,098,995</b>

(\*)1 KRW 639,924 thousand and 319,962 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*)2 KRW 313,082 thousand reflected in the operating income of the unearned income has been excluded during the current period.

(\*)3 KRW 499,234 thousand and 249,218 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of December 31, 2022 and December 31, 2021

## 34. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The events occurring after the reporting period that does not affect the financial statements as of December 31, 2022, are as follows:

(1) On March 13, 2023, the board of directors of the Controlling company decided to issue convertible bonds amounting to KRW 23,100 million.



# SK REIT CO., LTD. AND ITS SUBSIDIARIES

## Consolidated Financial Statements

June 30, 2022 and March 31, 2022

With Independent Auditors' Report Thereon

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## INDEPENDENT AUDITORS' REPORT

(Based on a report originally issued in Korean)



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### To the Shareholders and Board of Directors of SK Reit Co., LTD.

#### Opinion

We have audited the consolidated financial statements of SK Reit Co., LTD. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of June 30, 2022 and March 31, 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and notes, comprising significant accounting policies 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 June 30, 2022 and March 31, 2022, 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 Matter

Key audit matter is that matters that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as of and for the three-month period ended June 30, 2022. 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.

#### Assessment of an Impairment on Investment Properties

##### (1) Reason for the Determination of Key audit matter

As described in Note 13 to the consolidated financial statements, investment property is KRW 2,390,116 million (97.24% of total assets) and composed of SK Seorin building, SK U Tower and many gas stations. In evaluating impairment for investment properties, the Group management's critical judgement is involved. We identified assessment of an impairment on investment properties as a key audit matter considering the risk for material misstatement on consolidated financial statement is high due to the errors that can arise from uncertainty of management's judgement.

## INDEPENDENT AUDITOR'S REPORT

(English Translation of a Report Originally Issued in Korean)

### (2) How key audit matter was addressed during the audit

The primary procedures we performed to address this key audit matter included the following:

- Evaluating the stability of future cash flows by assessment of the lease contract and existence of cash inflow of rent,
- Evaluating whether the investment properties have generated profits by normal operation,
- Assessing indicators of devaluation by confirming standard land price nearby the investment properties.

### Other Matter

The procedures and practices utilized in the Republic of Korea to audit such separate 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 Group's internal control.

## INDEPENDENT AUDITOR'S REPORT, Continued

(English Translation of 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 Jeong-Hyuk Seo.

KPMG Samjong Accounting Corp.

Seoul, Korea  
September 7, 2022

This report is effective as of September 7, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that 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 SUBSIDIARIES

### Consolidated Statements of Financial Position

As of June 30, 2022 and March 31, 2022

(In Korean won)

	Notes	June 30, 2022	March 31, 2022
<b>Assets</b>			
<b>Current Assets</b>		<b>67,861,149,121</b>	<b>25,224,394,943</b>
Cash and cash equivalents	4, 5, 6, 7	27,013,462,420	12,983,945,200
Short-term financial instruments	4, 5, 6, 8	16,000,000,000	11,000,000,000
Trade and other receivables	4, 5, 6, 9	142,084,440	-
Other current financial assets	5, 6, 10, 29	1,355,656,109	888,711,127
Other current assets	11	23,349,946,152	351,738,616
<b>Non-current Assets</b>		<b>2,390,115,796,036</b>	<b>1,857,973,612,646</b>
Investment properties	13, 14, 15, 18	2,390,115,796,036	1,857,973,612,646
<b>Total assets</b>		<b>₩ 2,457,976,945,157</b>	<b>1,883,198,007,589</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		<b>₩ 380,691,547,912</b>	<b>3,948,014,927</b>
Short-term borrowings	4, 5, 6, 14, 15, 18, 30	142,200,000,000	-
Debentures	4, 5, 6, 18	234,000,000,000	-
Other current financial liabilities	4, 5, 6, 16, 29	1,964,493,054	1,117,773,455
Other current liabilities	17	2,527,054,858	2,830,241,472
<b>Non-current liabilities</b>		<b>1,304,701,319,790</b>	<b>1,104,383,183,299</b>
Long-term borrowing	4, 5, 6, 14, 15, 18, 30, 31	1,229,666,912,280	1,046,037,186,400
Leasehold deposits received	4, 5, 6, 14, 19, 29, 30, 31	66,616,603,017	52,147,953,917
Other non-current liabilities	17	8,417,804,493	6,198,042,982
<b>Total liabilities</b>		<b>₩ 1,685,392,867,702</b>	<b>1,108,331,198,226</b>
<b>Equity</b>			
Share Capital	20	₩ 77,510,266,000	77,510,266,000
Other paid-in capital	21	687,262,384,420	687,262,384,420
Retained earnings	22	7,811,427,035	10,094,158,943
<b>Total equity</b>		<b>772,584,077,455</b>	<b>774,866,809,363</b>
<b>Total liabilities and equity</b>		<b>₩ 2,457,976,945,157</b>	<b>1,883,198,007,589</b>

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Consolidated Statements of Comprehensive Income

For the three-month periods ended June 30, 2022 and March 31, 2022

(In Korean won)

	Notes	For the three-month period ended June 30, 2022	For the three-month period ended March 31, 2022
<b>Operating revenues</b>	13, 25, 29	<b>₩ 18,644,699,787</b>	<b>18,587,055,903</b>
<b>Operating expenses</b>	13, 26, 29	<b>3,473,191,781</b>	<b>3,246,113,255</b>
<b>Operating profit</b>		<b>15,171,508,006</b>	<b>15,340,942,648</b>
<b>Finance costs – net</b>	6, 27	<b>(6,374,053,820)</b>	<b>(6,238,823,653)</b>
Finance income		82,652,318	45,904,068
Finance costs		6,456,706,138	6,284,727,721
<b>Other gains – net</b>	28	<b>1,514,872</b>	<b>34,626,028</b>
Other income		1,514,875	34,626,028
Other expenses		3	-
<b>Profit before income tax expense</b>		<b>8,798,969,058</b>	<b>9,136,745,023</b>
<b>Income tax expense</b>	23	<b>-</b>	<b>-</b>
<b>Profit for the period</b>		<b>₩ 8,798,969,058</b>	<b>9,136,745,023</b>
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>₩ 8,798,969,058</b>	<b>9,136,745,023</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share	24	57	59

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Consolidated Statements of Changes in Equity

For the three-month periods ended June 30, 2022 and March 31, 2022

(In Korean won)

	Share capital	Other paid-in capital	Retained earnings	Total equity
Balance as of January 1, 2022	₩ 77,510,266,000	687,262,384,420	11,827,649,303	776,600,299,723
<b>Total comprehensive income:</b>				
Profit for the period	–	–	9,136,745,023	9,136,745,023
<b>Transactions with owners:</b>				
Dividends	–	–	(10,870,235,383)	(10,870,235,383)
Balance as of March 31, 2022	₩ 77,510,266,000	687,262,384,420	10,094,158,943	774,866,809,363
Balance as of April 1, 2022	₩ 77,510,266,000	687,262,384,420	10,094,158,943	774,866,809,363
<b>Total comprehensive income:</b>				
Profit for the period	–	–	8,798,969,058	8,798,969,058
<b>Transactions with owners:</b>				
Dividends	–	–	(11,081,700,966)	(11,081,700,966)
Balance as of June 30, 2022	₩ 77,510,266,000	687,262,384,420	7,811,427,035	772,584,077,455

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Consolidated Statements of Cash Flows

For the three-month periods ended June 30, 2022 and March 31, 2022

(In Korean won)

	Notes	For the three-month period ended June 30, 2022	For the three-month period ended March 31, 2022
<b>Cash flows from operating activities:</b>			
Cash generated (provided) by operating activities	31	₩ (5,334,036,582)	16,796,686,302
Interest income received		55,781,479	48,299,331
Interest expenses paid		(6,833,575,001)	(5,394,950,132)
Income taxes paid		(7,150,120)	(6,938,160)
<b>Net cash inflow (outflow) from operating activities</b>		<b>(12,118,980,224)</b>	<b>11,443,097,341</b>
<b>Cash flows from investing activities:</b>			
Cash inflows from investing activities		3,000,000,000	–
Disposal of short-term financial assets		3,000,000,000	–
Cash outflows from investing activities		(542,241,093,790)	–
Acquisition of short-term financial assets		8,000,000,000	–
Acquisition of investment property (land)		297,117,047,096	–
Acquisition of investment property (building)		237,124,046,694	–
<b>Net cash outflow from investing activities</b>		<b>(539,241,093,790)</b>	<b>–</b>
<b>Cash flows from financing activities:</b>			
Cash inflows from financing activities		576,471,292,200	–
Increase in short-term borrowings		142,143,750,000	–
Increase in long-term borrowings		182,997,150,000	–
Issuance of debentures		234,000,000,000	–
Increase in leasehold deposits received		17,330,392,200	–
Cash outflows from financing activities		(11,081,700,966)	(10,870,235,383)
Dividends paid	22	11,081,700,966	10,870,235,383
<b>Net cash inflow (outflow) from financing activities</b>		<b>565,389,591,234</b>	<b>(10,870,235,383)</b>
<b>Net increase in cash and cash equivalents</b>		<b>14,029,517,220</b>	<b>572,861,958</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>12,983,945,200</b>	<b>12,411,083,242</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>₩ 27,013,462,420</b>	<b>12,983,945,200</b>

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 1. THE GROUP

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

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

The Controlling company's major shareholders and their respective shareholdings as at June 30, 2022, are as follows:

Name of Shareholders	Number of Shares (in shares)	Types of shares	Percentage of ownership (%)
SK Inc.	77,510,266	Ordinary share	50.00
Shinhan Bank (Trustee of IGIS REIT Portfolio Specialized Investment Type Private Real Estate Investment Trust No.1 Co., Ltd)	9,400,000	Ordinary share	6.06
Korean Federation of Community Credit Cooperatives	9,400,000	Ordinary share	6.06
Others	58,710,266	Ordinary share	37.88
	<b>155,020,532</b>		<b>100.00</b>

### Consolidated subsidiaries and current status

The Group is engaged in real estate leasing. Meanwhile, the status of subsidiaries included in the consolidated financial statements as of June 30, 2022 and March 31, 2022, is as follows.

Name of Subsidiaries	Main business	Country of domicile	Percentage of Ownership (%)		Reporting period end
			June 30, 2022	March 31, 2022	
Clean Energy REIT Co., Ltd	Real estate investment	Korea	100.00	100.00	End of March, June, September and December

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (1) Basis of Preparation

The consolidated financial statements have been prepared in accordance with 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 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 received to acquire an asset.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

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 financial statements, the Group will have sufficient resources to survive as a going concern for the foreseeable future period. Therefore, the management prepared the consolidated financial statements on the premise of the going concern.

**1) There are no accounting standards and interpretations that were newly applied and changes in the Group's accounting policies for the period ended June 30, 2022.**

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

– K-IFRS 1001 'Classification of Liabilities as Current or Non-current' (Amendment)

The amendment to K-IFRS 1001 affects only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendment clarifies that the classification of liabilities as current or non-current is based on the rights that exist at the end of the reporting period and emphasizes that classification is unaffected by the expectations of the entity to exercise the delay of settlement. It also explains that the rights exist when the borrowing commitment is compiled and defines 'settlement' to make clear that settlement refers to extinguishment of a liability through a transfer of cash, equity instruments, other assets or services to the counterparty.

The amendment is applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

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

The amendment does not affect the amount of assets, liabilities and gains or losses, time of recognition, or disclosure of these items. This amendment amended IAS 2 'Accounting Policy Disclosure' to define and disclose important accounting policies and to provide guidance on how to apply the concept of materiality.

The amendment is applied for annual periods beginning on or after 1 January 2023, with early application permitted.

– K-IFRS 1008 'Definition of Changes in Accounting Estimates' (Amendment)

The amendment does not affect the amount of assets, liabilities and gains or losses, time of recognition, or disclosure of these items. The amendment clarifies the method to define accounting estimates and to differentiate changes in accounting estimates from changes in accounting policies.

The amendment is applied for annual periods beginning on or after 1 January 2023, with early application permitted.

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

The amendment does not affect the amount of assets, liabilities and gains or losses, time of recognition, or disclosure of these items. The amendment added to the exceptional requirements for transactions of initial recognition of asset or liability recognized transaction that does not result in the same additional and deductible temporary differences at the time of transaction.

The amendment is applied for annual periods beginning on or after 1 January 2023, with early application permitted.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

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

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

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

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.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

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

### (3) Business combination

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

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

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

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

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

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

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

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

(CONTINUED)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

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

### (4) Cash and cash equivalents

Cash and cash equivalents include cash held, bank deposits, and other highly liquid short-term investments that are due within three months as of the acquisition date.

### (5) Revenue recognition

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

### (6) Lease

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

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

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

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

After initial recognition, the Group reviews regularly estimated unguaranteed residual value and applies the derecognition and impairment requirements in 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.

### (7) Foreign currency conversion

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

### (8) 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.

### (9) Investment properties

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

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

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

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

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

### (10) Income tax and deferred tax

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

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## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

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

### (10) Income tax and deferred tax (cont'd)

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

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

In addition, due to the uncertainty of future taxable income, deferred tax assets for temporary differences to be deducted in the future were not recorded as of June 30, 2022.

### (11) 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.

### (12) Financial assets

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

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

#### 1) Classification of financial assets

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

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

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

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

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

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

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

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

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

### 3) Impairment of financial assets

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

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

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

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

### 4) Derecognition of financial assets

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

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.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

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

### (13) 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'

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

### 7) Derecognition of financial liabilities

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

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, are at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification and (2) 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.

### (14) Operating segment

Information for each operating segment is disclosed based on how it is reported internally to the chief operating decision maker (see note 32). 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.

### (15) 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.

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

These consolidated financial statements have been approved by the board of directors on July 28, 2022, and can be revised and approved at the shareholders' meeting on September 16, 2022.

## 3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

### (1) Corporate tax

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

### (2) Fair value of investment properties

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 4. FINANCIAL RISK MANAGEMENT

### (1) Financial risk management factors

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

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

#### 1) Market Risk

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

#### 2) Credit Risk

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

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

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

##### ① Trade receivable and contract assets

The Group applies an expedient that recognizes lifetime expected credit losses as loss allowance for trade receivables and contracted assets. To measure the expected credit losses, trade receivables and contract assets were categorized based on their credit risk characteristics and overdue dates. Trade receivables and contract assets do not exist as of June 30, 2022. Accordingly, the loss allowance is not recognized.

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

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

#### 3) Liquidity Risk

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

(In thousands of Korean won)

	June 30, 2022			
	Within 1 year	1 year ~ 5 years	Over 5 years	Total
Non-trade payables	₩ 1,928,100	–	–	1,928,100
Accrued expenses	36,393	–	–	36,393
Short-term borrowings <sup>(*)</sup> <sup>(2)</sup>	146,849,877	–	–	146,849,877
Long-term borrowings <sup>(*)</sup> <sup>(2)</sup>	30,065,992	1,274,883,483	–	1,304,949,475
Debentures <sup>(*)</sup> <sup>(2)</sup>	234,000,000	–	–	234,000,000
Leasehold deposits received <sup>(2)</sup>	–	50,041,992	26,828,680	76,870,672
	<b>₩ 412,880,362</b>	<b>1,324,925,475</b>	<b>26,828,680</b>	<b>1,764,634,517</b>

(In thousands of Korean won)

	March 31, 2022			
	Within 1 year	1 year ~ 5 years	Over 5 years	Total
Non-trade payables	₩ 1,117,773	–	–	1,117,773
Long-term borrowings <sup>(*)</sup> <sup>(2)</sup>	21,879,520	1,079,585,432	–	1,101,464,952
Leasehold deposits received <sup>(2)</sup>	–	32,711,600	26,828,680	59,540,280
	<b>₩ 22,997,293</b>	<b>1,112,297,032</b>	<b>26,828,680</b>	<b>1,162,123,005</b>

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

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

### (2) Capital risk management

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

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

Like other companies within industry, the Group manages the capital using capital funding ratio, which is computed by dividing net borrowings by total capital. Net borrowings are subtraction of cash and cash equivalents and short-term financial instruments from total borrowings on financial statement. Total capital is the sum of equity in financial statement and net borrowings.

Capital funding ratios as of June 30, 2022 and March 31, 2022, are as follows:

(In thousands of Korean won)

	June 30, 2022	March 31, 2022
Borrowings and debentures	₩ 1,605,866,912	1,046,037,186
Less: cash and cash equivalents and short-term financial instruments	43,013,462	23,983,945
Net debt	1,562,853,450	1,022,053,241
Total equity	2,335,437,527	1,796,920,050
Capital funding ratio	66.9%	56.9%

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 5. FINANCIAL INSTRUMENTS FAIR VALUE

Details of the fair value of financial instruments as of June 30, 2022 and March 31, 2022, are as follows:

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

(In thousands of Korean won)

	June 30, 2022		March 31, 2022	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents <sup>(*)</sup>	₩ 27,013,462	27,013,462	12,983,945	12,983,945
Short-term financial instruments <sup>(*)</sup>	16,000,000	16,000,000	11,000,000	11,000,000
Trade and other receivables (non-trade receivables) <sup>(*)</sup>	142,084	142,084	–	–
Other current financial assets (accrued income) <sup>(*)</sup>	1,355,656	1,355,656	888,711	888,711
	<b>₩ 44,511,202</b>	<b>44,511,202</b>	<b>24,872,656</b>	<b>24,872,656</b>
<b>Financial liabilities</b>				
Other current financial liabilities (non-trade payables) <sup>(*)</sup>	1,928,100	1,928,100	1,117,773	1,117,773
Other current financial liabilities (accrued expense) <sup>(*)</sup>	36,393	36,393	–	–
Short-term borrowings <sup>(*)</sup>	142,200,000	142,200,000	–	–
Debentures <sup>(*)</sup>	234,000,000	234,000,000	–	–
Long-term borrowings <sup>(*)</sup>	1,229,666,912	1,229,666,912	1,046,037,186	1,046,037,186
Leasehold deposits received <sup>(*)</sup>	66,616,603	66,616,603	52,147,954	52,147,954
	<b>₩ 1,674,448,008</b>	<b>1,674,448,008</b>	<b>1,099,302,913</b>	<b>1,099,302,913</b>

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

### (2) Fair Value Hierarchy of Financial Instruments

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

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

As of June 30, 2022, the Group's financial instruments are cash and cash equivalents, other receivables, loans and rent deposits, which are excluded from the disclosure of the fair value hierarchy because their book values were estimated to be reasonable approximations of fair values.

### (3) The Group recognizes transfers between levels at the time when the events or changes in circumstances that cause the transfers between levels.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

## 6. FINANCIAL INSTRUMENTS

### (1) Book value by Category of Financial Instruments

#### 1) Financial Assets

(In thousands of Korean won)

	Financial assets measured at amortized cost	
	June 30, 2022	March 31, 2022
Cash and cash equivalents	₩ 27,013,462	12,983,945
Short-term financial instruments	16,000,000	11,000,000
Trade and other receivables (non-trade receivables)	142,084	–
Other current financial assets (accrued income)	1,355,656	888,711
	<b>₩ 44,511,202</b>	<b>24,872,656</b>

#### 2) Financial Liabilities

(In thousands of Korean won)

	Financial liabilities measured at amortized cost	
	June 30, 2022	March 31, 2022
Other current financial liabilities (non-trade payables)	₩ 1,928,100	1,117,773
Other current financial liabilities (accrued expenses)	36,393	–
Short-term borrowings	142,200,000	–
Debentures	234,000,000	–
Long-term borrowings	1,229,666,912	1,046,037,186
Leasehold deposits received	66,616,603	52,147,954
	<b>₩ 1,674,448,008</b>	<b>1,099,302,913</b>

### (2) Net Income by Category of Financial Instruments

(In thousands of Korean won)

	For the three-month period ended June 30, 2022	For the three-month period ended March 31, 2022
Financial assets measured at amortized cost:		
Interest income	₩ 82,652	45,904
Financial liabilities measured at amortized cost:		
Interest expenses	6,456,706	6,284,728

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	Financial institution	June 30, 2022		March 31, 2022		Note
		Current	Non-Current	Current	Non-Current	
Cash and cash equivalents	Standard Chartered Bank Korea Ltd., etc.	₩	27,013,462		12,983,945	Pledged as security <sup>(*)</sup>

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

## 8. SHORT-TERM FINANCIAL INSTRUMENTS

Short-term financial instruments as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	Financial institution	June 30, 2022		March 31, 2022		Note
		Current	Non-Current	Current	Non-Current	
Time deposits	Kookmin Bank	₩	16,000,000		11,000,000	Pledged as security <sup>(*)</sup>

(\*) The time deposits above are pledged as security for Kookmin Bank, etc.

## 9. TRADE AND OTHER RECEIVABLES

Trade and other receivables as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	June 30, 2022		March 31, 2022	
	Current	Non-Current	Current	Non-Current
Non-trade receivables		142,084		–
Less: allowance for doubtful accounts		–		–
	₩	142,084		–

## 10. OTHER FINANCIAL ASSETS

Other financial assets as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	June 30, 2022		March 31, 2022	
	Current	Non-Current	Current	Non-Current
Accrued income	₩	1,355,656		888,711

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

## 11. OTHER ASSET

Other assets as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	June 30, 2022		March 31, 2022	
	Current	Non-Current	Current	Non-Current
Prepaid expenses	₩	1,738,847		342,860
Advanced tax		16,029		8,879
VAT receivables		21,595,070		–
	₩	23,349,946		351,739

## 12. SUBSIDIARIES

(1) Details of the Group's investments in subsidiaries as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

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

(2) Summary of financial positions of the subsidiary as of June 30, 2022 and March 31, 2022, is as follows:

(in thousands of Korean won)

	Clean Energy REIT Co., Ltd	
	June 30, 2022	March 31, 2022
Current assets	₩	11,689,043
Non-current assets		806,856,892
<b>Total assets</b>		<b>818,545,935</b>
Current liabilities		1,759,070
Non-current liabilities		474,128,951
<b>Total liabilities</b>		<b>475,888,021</b>
Capital and reserves attributable		
to SK REIT CO., LTD.		342,657,914
Non-controlling interests		–
<b>Total equity</b>	₩	<b>342,657,914</b>

The above summary of financial positions is the amount after reflecting the adjustment of accounting policy differences with the Controlling company, but the amount before the internal transaction is removed.

(CONTINUED)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 12. SUBSIDIARIES (CONT'D)

(3) Summary of financial performances of the subsidiary for the three-month periods ended June 30, 2022 and March 31, 2022, is as follows:

(in thousands of Korean won)

	Clean Energy REIT Co., Ltd	
	For the three-month period ended June 30, 2022	For the three-month period ended March 31, 2022
Sales	₩ 8,298,888	8,299,013
Operating profit	7,417,559	7,429,871
Net income	4,729,465	4,785,881
Other comprehensive income	–	–
<b>Total comprehensive income</b>	<b>₩ 4,729,465</b>	<b>4,785,881</b>

The above summary of financial performances is the amount after reflecting the adjustment of accounting policy differences with the Controlling company, but the amount before the internal transaction is removed.

(4) Summary of financial cash flows of the subsidiary for the three-month periods ended June 30, 2022 and March 31, 2022, is as follows:

(in thousands of Korean won)

	Clean Energy REIT Co., Ltd	
	For the three-month period ended June 30, 2022	For the three-month period ended March 31, 2022
Cash flows from operating activities	₩ 5,194,542	5,356,322
Cash flows from investing activities	(8,000,000)	–
Cash flows from financing activities	(5,135,704)	(5,026,232)
Net increase (decrease) in cash and cash equivalents	(7,941,162)	330,090
Cash and cash equivalents, beginning of the period	11,069,873	10,739,783
<b>Cash and cash equivalents, end of the period</b>	<b>₩ 3,128,711</b>	<b>11,069,873</b>

The above summary of financial cash flows is the amount after reflecting the adjustment of accounting policy differences with the Controlling company, but the amount before the internal transaction is removed.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

## 13. INVESTMENT PROPERTIES

(1) The investment properties of the Group are evaluated in a cost model.

(2) Investment properties as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	June 30, 2022			March 31, 2022		
	Acquisition cost	Accumulated depreciation	Carrying value	Acquisition cost	Accumulated depreciation	Carrying value
Land	₩ 1,842,127,247	–	1,842,127,247	1,545,010,200	–	1,545,010,200
Buildings	556,210,705	(8,222,156)	547,988,549	319,086,659	(6,123,246)	312,963,413
	<b>₩ 2,398,337,952</b>	<b>(8,222,156)</b>	<b>2,390,115,796</b>	<b>1,864,096,859</b>	<b>(6,123,246)</b>	<b>1,857,973,613</b>

(3) Changes in investment properties for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	For the three-month period ended June 30, 2022			
	Beginning balance	Acquisitions	Depreciation	Ending balance
Land	₩ 1,545,010,200	297,117,047	–	1,842,127,247
Buildings	312,963,413	237,124,048	(2,098,912)	547,988,549
	<b>₩ 1,857,973,613</b>	<b>534,241,095</b>	<b>(2,098,912)</b>	<b>2,390,115,796</b>

(in thousands of Korean won)

	For the three-month period ended March 31, 2022			
	Beginning balance	Acquisitions	Depreciation	Ending balance
Land	₩ 1,545,010,200	–	–	1,545,010,200
Buildings	315,017,841	–	(2,054,428)	312,963,413
	<b>₩ 1,860,028,041</b>	<b>–</b>	<b>(2,054,428)</b>	<b>1,857,973,613</b>

(4) Revenues and expenses related to investment properties for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	For the three-month period ended June 30, 2022	For the three-month period ended March 31, 2022
Operating revenues <sup>(*)</sup>	₩ 18,644,700	18,587,056
Operating expenses <sup>(**)</sup>	3,136,920	3,026,505

(\*1) Operating revenues consist of rental revenues.

(\*2) Operating expenses consist of depreciation expense, asset custody consignment fees, asset management consignment fees, and real estate management consignment fees.

(CONTINUED)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 13. INVESTMENT PROPERTIES (CONT'D)

### (5) Fair Value of Investment Properties

1) Among the investment properties, the fair values as of June 30, 2022 and March 31, 2022, of SK Seorin Building, which is provided for operating leases to SK Inc., are as follows:

(In thousands of Korean won)

	June 30, 2022		March 31, 2022	
	Book value	Fair value (*)	Book value	Fair value (*)
Land	₩ 779,333,004	797,572,000	779,333,004	781,292,000
Building	269,706,461	280,228,000	271,430,006	274,508,000
	<b>₩ 1,049,039,465</b>	<b>1,077,800,000</b>	<b>1,050,763,010</b>	<b>1,055,800,000</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment. (Evaluation date: June 30, 2022)

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

2) Among the investment properties, the fair values as of June 30, 2022 and March 31, 2022, of SK U Tower, which is provided for operating leases to SK Hynix Inc., are as follows:

(In thousands of Korean won)

	June 30, 2022		March 31, 2022	
	Book value	Fair value (*)	Book value	Fair value (*)
Land	₩ 297,117,047	282,003,200	-	-
Building	237,102,392	225,196,800	-	-
	<b>₩ 534,219,439</b>	<b>507,200,000</b>	-	-

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Mirae Saehan Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: March 24, 2022) and there are no significant changes during current period.

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

3) Among the investment properties, the fair values as of June 30, 2022 and March 31, 2022, of the gas stations provided for operating leases to SK Energy Co., Ltd., are as follows:

(In thousands of Korean won)

	June 30, 2022		March 31, 2022	
	Book value	Fair value (*)	Book value	Fair value (*)
Land	₩ 765,677,197	789,917,835	765,677,197	769,909,332
Building	41,179,695	45,789,011	41,533,405	44,081,992
	<b>₩ 806,856,892</b>	<b>835,706,846</b>	<b>807,210,602</b>	<b>813,991,324</b>

(\*) The fair value of the investment property was determined based on 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, 2022)

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

### (6) Operational lease Provision Details

#### 1) Details of provision to SK Inc.

The Group has a contract with SK Inc. to provide operating leases for its investment real estate, and the depreciation expenses of the operating lease assets are KRW 1,723,546 thousand won and KRW 1,704,606 thousand won, respectively, during the current and prior periods.

On the other hand, the details of the future minimum lease fee expected to be received by the Group as of the end of the reporting periods for the above investment property are as follows:

(In thousands of Korean won)

	June 30, 2022		March 31, 2022	
Within 1 year	₩	39,842,729		39,695,527
1 year ~ 2 years		40,440,370		40,290,959
2 years ~ 3 years		41,046,975		40,895,324
3 years ~ 4 years		41,662,680		41,508,754
4 years ~ 5 years		-		10,415,670
	<b>₩</b>	<b>162,992,754</b>		<b>172,806,234</b>

In addition, the rental revenues recognized in relation to the operating lease during the current and prior periods are as follows:

(In thousands of Korean won)

	For the three-month period ended June 30, 2022		For the three-month period ended March 31, 2022	
Rental revenues	₩	10,288,043		10,288,043

(CONTINUED)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 13. INVESTMENT PROPERTIES (CONT'D)

### (6) Operational lease Provision Details (cont'd)

#### 2) Details of provision to SK Hynix Inc.

The Group has a contract with SK Hynix Inc. to provide operating leases for its investment real estate, and the depreciation expense of the operating lease asset is KRW 21,655 thousand won during the current period.

On the other hand, the details of the future minimum lease fee expected to be received by the Group as of the end of the reporting periods for the above investment property are as follows:

(in thousands of Korean won)

		June 30, 2022	March 31, 2022
Within 1 year	₩	20,796,471	-
1 year ~ 2 years		21,108,418	-
2 years ~ 3 years		21,425,044	-
3 years ~ 4 years		21,746,420	-
4 years ~ 5 years		22,072,616	-
	₩	107,148,969	-

In addition, the rental revenues recognized in relation to the operating lease during the current and prior periods are as follows:

(in thousands of Korean won)

		For the three-month period ended June 30, 2022	For the three-month period ended March 31, 2022
Rental revenues	₩	57,768	-

#### 3) Details of provision to SK Energy Co., Ltd

The Group has a contract with SK Energy Co., Ltd. to provide operating leases for Gayang gas station and other gas stations, and the depreciation expenses of the operating lease assets are KRW 353,710 thousand won and KRW 349,823 thousand won, respectively, during the current and prior periods.

On the other hand, the details of the future minimum lease fee expected to be received by the Group as of the end of the reporting periods for the above investment property are as follows:

(in thousands of Korean won)

		June 30, 2022	March 31, 2022
Within 1 year	₩	32,194,416	32,194,416
1 year ~ 2 years		32,194,416	32,194,416
2 years ~ 3 years		32,194,416	32,194,416
3 years ~ 4 years		32,194,416	32,194,416
4 years ~ 5 years		32,516,360	32,435,874
Over 5 years		133,349,756	141,478,846
	₩	294,643,780	302,692,384

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

In addition, the rental revenues recognized in relation to the operating lease during the current and prior periods are as follows:

(in thousands of Korean won)

		For the three-month period ended June 30, 2022	For the three-month period ended March 31, 2022
Rental revenues	₩	8,298,888	8,299,013

### (7) Fair Value Hierarchy of Investment Properties

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

(in thousands of Korean won)

		June 30, 2022			Total
		Level 1	Level 2	Level 3	
Investment properties	₩	-	-	2,420,706,846	2,420,706,846

(in thousands of Korean won)

		March 31, 2022			Total
		Level 1	Level 2	Level 3	
Investment properties	₩	-	-	1,869,791,324	1,869,791,324

### (8) Valuation Methods and Input Variables

(in thousands of Korean won)

		June 30, 2022				
		Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩	2,420,706,846	3	(*)	Price per square meter and operating income	(*)

(\*) Income capitalization approach was applied to the contract of providing operating leases to SK Inc. and SK Hynix Inc., and the cost approach and revision approach based on standard land price were applied to the contract of providing operating leases to SK Energy Co., Ltd.

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

(in thousands of Korean won)

		March 31, 2022				
		Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩	1,869,791,324	3	(*)	Price per square meter and operating income	(*)

(\*) Income capitalization approach was applied to the contract of providing operating leases to SK Inc., and the cost approach and revision approach based on standard land price were applied to the contract of providing operating leases to SK Energy Co., Ltd.

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

#### 14. ASSETS PLEDGED AS SECURITY

Details of investment properties that are pledged as security as of June 30, 2022, 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 OneQ No. 1	72,000,000	60,000,000		
			S Tiger K Co., Ltd.	96,000,000	80,000,000		
			Kookmin Bank	180,000,000	150,000,000		
			Sumitomo Mitsui Banking Corporation	138,960,000	115,800,000		
			Mizuho Bank Co Ltd.	96,000,000	80,000,000		
				722,160,000	601,800,000		
	Subordinated	SK Inc.	39,253,920	32,711,600	Leasehold deposits		
			39,253,920	32,711,600			
		<b>Subtotal</b>	<b>761,413,920</b>	<b>634,511,600</b>			
	Investment property (SK U Tower)	Land/ Buildings (*)	Prior	Standard Chartered Bank Korea Ltd	44,856,000	37,380,000	Long-term borrowings
				Kookmin Bank	82,800,000	69,000,000	
				Sumitomo Mitsui Banking Corporation	46,800,000	39,000,000	
Mizuho Bank Co Ltd.				46,800,000	39,000,000		
				221,256,000	184,380,000		
Standard Chartered Bank Korea Ltd				48,000,000	40,000,000	Short-term borrowings	
Sumitomo Mitsui Banking Corporation				48,000,000	40,000,000		
Mizuho Bank Co Ltd.		48,000,000	40,000,000				
		144,000,000	120,000,000				
Subordinated		SK hynix Inc.	20,796,470	17,330,392	Leasehold deposits		
		20,796,470	17,330,392				
	<b>Subtotal</b>	<b>386,052,470</b>	<b>321,710,392</b>				

(CONTINUED)

Provided Assets	Set-up Authority	Maximum Amount of Bonds	Carrying Amount	Related Liabilities		
Investment property (Gayang gas station and other gas stations)	Land/ Buildings (*)	Prior	Standard Chartered Bank Korea Ltd	156,120,000	130,100,000	Long-term borrowings
			Clean Energy One Q No.1	72,000,000	60,000,000	
			S Tiger Energy Co., Ltd.	48,000,000	40,000,000	
			Kookmin Bank	156,000,000	130,000,000	
			Sumitomo Mitsui Banking Corporation	24,000,000	20,000,000	
			Mizuho Bank Co Ltd.	84,000,000	70,000,000	
		540,120,000	450,100,000			
	Subordinated	SK Energy Co. Ltd.	32,194,416	26,828,680	Leasehold deposits	
			32,194,416	26,828,680		
		<b>Subtotal</b>	<b>572,314,416</b>	<b>476,928,680</b>		
		<b>₩ 1,719,780,806</b>	<b>1,433,150,672</b>			

(\*) The book values of land and buildings pledged as security by the Group are KRW 1,045,554,494 thousand for Seorin Building, KRW 530,234,888 thousand for SK U Tower, KRW 806,141,699 thousand for Gayang gas station and other gas stations and KRW 657,237,669 thousand for Jong-ro Tower.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 15. INSURANCE SUBSCRIPTION STATUS

(1) Details of insurance that the Group and SK Innovation Co., Ltd., the lessee of the Group, subscribe to SK Seorin Building among investment properties as of June 30, 2022, are as follows:

(in thousands of Korean won)

	Assets	Indemnity amount		Company
		₩		
Comprehensive property risk	Buildings etc.	₩	303,466,619	Hyundai Marine & Fire Insurance Co., Ltd.
Liability for elevator accident			10,000 per accident 80,000 per person	
Liability for gas accident			5,000,000 per accident 80,000 per person	
Risk of corporate suspension	N/A		103,389,000	
Risk of liability for indemnity			10,000,000 per accident and for people and property collectively.	

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

(2) Details of insurance that the Group subscribes to SK U Tower among investment properties as of June 30, 2022, are as follows:

(in thousands of Korean won)

	Assets	Indemnity amount		Company
		₩		
Comprehensive property risk	Buildings etc.	₩	228,285,000	Hyundai Marine & Fire Insurance CO., LTD.
Liability for elevator accident			10,000 per accident 80,000 per person	
Liability for gas accident			300,000 per accident 80,000 per person	
Risk of corporate suspension	N/A		41,904,888	
Risk of liability for indemnity			10,000,000 per accident and for people and property collectively	

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

(3) Details of insurance that SK Energy Co., Ltd., the lessee of the Group, subscribes to the Group as the insured as of June 30, 2022, are as follows:

(in thousands of Korean won)

	Assets	Indemnity amount		Company
		₩		
Comprehensive property risk	Buildings etc.	₩	117,108,730	Hyundai Marine & Fire Insurance CO., LTD.
Risk of corporate suspension	N/A		118,347,590	
Risk of liability for indemnity			3,000,000 per accident and for people and property collectively	

The right to receive insurance claim for the above insurance is subjected to pledge of which amount is KRW 540,120,000 thousand won with the limit of which is indemnity amount at Standard Chartered Bank Korea Co., Ltd., etc. in relation to borrowings.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

## 16. OTHER FINANCIAL LIABILITIES

Other financial liabilities as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	June 30, 2022		March 31, 2022	
	Current	Non-Current	Current	Non-Current
Non-trade payables	₩ 1,928,100	–	1,117,773	–
Accrued expenses	36,393	–	–	–
	₩ 1,964,493	–	1,117,773	–

## 17. OTHER LIABILITIES

Other liabilities as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	June 30, 2022		March 31, 2022	
	Current	Non-Current	Current	Non-Current
Unearned revenues	₩ 1,765,259	8,417,804	1,138,972	6,198,043
VAT payables	761,539	–	1,691,141	–
Withholdings	257	–	128	–
	₩ 2,527,055	8,417,804	2,830,241	6,198,043

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 18. DEBENTURES AND BORROWINGS

(1) Details of debentures as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	Financial institution	June 30, 2022	March 31, 2022	Interest rate (%)	Maturity date	Repayment method
Short-term bonds	SK Securities Co., Ltd	₩ 100,000,000	–	3.80	August 24, 2022	Repayment at maturity
	Korea Investment & Securities Co., Ltd	100,000,000	–			
	Samsung Securities Co., Ltd	34,000,000	–			
		<b>₩ 234,000,000</b>	<b>–</b>			

(2) Details of short-term borrowings as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

Funding Purpose	Financial institution	June 30, 2022	March 31, 2022	Interest rate (%)	Maturity date	Repayment method
Facility funds	Standard Chartered Bank Korea Co., Ltd	₩ 40,000,000	–	3.49	June 30, 2023	Repayment at maturity
	Sumitomo Mitsui Banking Corporation	40,000,000	–			
	Mizuho Bank Co Ltd.	40,000,000	–			
VAT loan	Standard Chartered Bank Korea Co., Ltd	22,500,000	–	4.04	September 3, 2022	Repayment at maturity
	Subtotal	142,500,000	–			
	Less: discount account on present value	(300,000)	–			
		<b>₩ 142,200,000</b>	<b>–</b>			

Investment properties of the Group are provided as collateral in relation to the above short-term borrowings (see note 14).

(3) Details of long-term borrowings as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

Funding Purpose	Financial institution	June 30, 2022	March 31, 2022	Interest rate (%)	Maturity date	Repayment method
Facility funds	Standard Chartered Bank Korea Co., Ltd	₩ 246,100,000	246,100,000	2.08	July 5, 2024	Repayment at maturity
	SK Office One Q No.1	60,000,000	60,000,000			
	Clean Energy One Q No.1	60,000,000	60,000,000			
	S Tiger K Co., Ltd.	80,000,000	80,000,000			
	S Tiger Energy Co., Ltd.	40,000,000	40,000,000			
	Kookmin Bank	280,000,000	280,000,000			
	Sumitomo Mitsui Banking Corporation	135,800,000	135,800,000			
	Mizuho Bank Co Ltd.	150,000,000	150,000,000			
Facility funds	Standard Chartered Bank Korea Co., Ltd	37,380,000	–	4.04	June 30, 2025	Repayment at maturity
	Kookmin Bank	69,000,000	–			
	Sumitomo Mitsui Banking Corporation	39,000,000	–			
	Mizuho Bank Co Ltd.	39,000,000	–			
Subtotal		1,236,280,000	1,051,900,000			
Less: discount account on present value		(6,613,088)	(5,862,814)			
		<b>₩ 1,229,666,912</b>	<b>1,046,037,186</b>			

Investment of properties of the Group are provided as collateral in relation to the above long-term borrowings (see note 14).

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

## 19. LEASEHOLD DEPOSITS RECEIVED

Details of leasehold deposits received as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	June 30, 2022	March 31, 2022
Nominal value	₩ 76,870,672	59,540,280
Less: discount account on present value	(10,254,069)	(7,392,326)
<b>Book value</b>	<b>₩ 66,616,603</b>	<b>52,147,954</b>

## 20. CAPITAL STOCK

Details of capital stock as of June 30, 2022 and March 31, 2022, are as follows:

	June 30, 2022	March 31, 2022
Authorized shares of capital stock	5,000,000,000 shares	5,000,000,000 shares
Par value	KRW 500 won	KRW 500 won
Issued number of ordinary shares	155,020,532 shares	155,020,532 shares
Capital stock:	KRW 77,510,266 thousand won	KRW 77,510,266 thousand won

## 21. OTHER PAID-IN-CAPITAL

Details of other paid-in capital as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	June 30, 2022	March 31, 2022
Share premium	₩ 687,262,384	687,262,384

## 22. DIVIDENDS

Details of planned dividend payment as of June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	June 30, 2022	March 31, 2022
Total dividends	₩ 10,950,409,019	11,081,700,966
Issued number of ordinary shares (in shares)	155,020,532	155,020,532
Dividends per share	₩ 71	71
Par value	₩ 500	500
Dividends ratio	14.13%	14.30%

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 23. INCOME TAXES EXPENSES

Income tax expense is recorded at the amount calculated by adding or subtracting changes in deferred income tax for the current period to the sum of corporate tax to be borne in the current fiscal year and tax added to corporate tax in accordance with laws such as the Corporate Tax Act. 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 expense, as there is practically no corporate tax to be borne by the Group.

## 24. EARNINGS PER SHARE

Earnings per share for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

### (1) Basic earnings per share of ordinary shares

(in Korean won, shares)

	For the three-month period ended June 30, 2022		For the three-month period ended March 31, 2022	
Profit for the period	₩	8,798,969,058		9,136,745,023
Profit for the period, attributable to the owners		8,798,969,058		9,136,745,023
Weighted-average number of ordinary shares outstanding (in shares)		155,020,532		155,020,532
Basic earnings per share	₩	57		59

### (2) Calculation of weighted average number of ordinary shares outstanding

(in shares)

For the three-month period ended June 30, 2022				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	April 1, 2022 ~ June 30, 2022	155,020,532	91	14,106,868,412
				14,106,868,412
Weighted average number of ordinary shares outstanding				155,020,532

(in shares)

For the three-month period ended March 31, 2022				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	January 1, 2022 ~ March 31, 2022	155,020,532	90	13,951,847,880
				13,951,847,880
Weighted average number of ordinary shares outstanding				155,020,532

### (3) Diluted earnings per share

Diluted earnings per share are the same as basic earnings per share as the Group has no diluted securities.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

## 25. OPERATING REVENUES

Details of operating revenues for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	For the three-month period ended June 30, 2022		For the three-month period ended March 31, 2022	
Rental revenues	₩	18,644,700		18,587,056

## 26. OPERATING EXPENSES

Details of operating expenses for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	For the three-month period ended June 30, 2022		For the three-month period ended March 31, 2022	
Salaries	₩	18,000		18,000
Insurance expenses		9,474		9,370
Depreciation		2,098,912		2,054,428
Asset management consignment fees		976,125		910,364
Asset custody consignment fees		9,012		9,000
General affairs consignment fees		65,123		65,018
Real estate management consignment fees		52,873		52,713
Commission expenses		225,805		109,333
Taxes and due		-		270
Deemed rent		17,868		17,617
	₩	3,473,192		3,246,113

## 27. FINANCE INCOME AND COSTS

Details of finance income and costs for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	For the three-month period ended December 31, 2022		For the three-month period ended September 30, 2022	
Finance income	Interest income	₩	82,652	45,904
Finance costs	Interest expenses		6,456,706	6,284,728
		₩	(6,374,054)	(6,238,824)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 28. OTHER INCOME AND EXPENSES

Details of other income and expenses for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

		For the three-month period ended June 30, 2022		For the three-month period ended March 31, 2022	
Other income	Miscellaneous gains	₩	1,515		34,626
Other expenses	Miscellaneous losses		–		–
		<b>₩</b>	<b>1,515</b>		<b>34,626</b>

## 29. RELATED-PARTY TRANSACTIONS

(1) Details of related parties as of June 30, 2022, are as follows:

Type	Name of the related parties
Controlling company	SK Inc.
Others	SK REITs Management Co., Ltd.
Large business group affiliates	SK Energy Co., Ltd., SK Networks Company Limited., and other SK business group affiliates

(2) Significant transactions between the Group and related parties for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

Type	Name of the related party	Account headings	For the three-month period ended June 30, 2022	For the three-month period ended March 31, 2022
Controlling company	SK Inc.	Rental revenues <sup>(*)</sup>	₩ 10,128,063	10,128,062
		Commission expenses	11,967	7,077
Others	SK REITs Management Co., Ltd.	Asset management trust fees	976,125	910,364
Large business group affiliates	SK Energy Co., Ltd.	Rental revenues <sup>(*)</sup>	8,174,095	8,174,158
	SK hynix Inc.	Rental revenues	57,768	–
		Investment properties(purchase)	507,200,000	–
	SK shieldus Co.,Ltd.	Real estate management consignment fees	160	–
		Due diligence fees	24,000	–

(\*) KRW 159,981 thousand won and 159,981 thousand won reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*) KRW 124,793 thousand won and 124,855 thousand won reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

(3) Outstanding balances to related parties as of June 30, 2022 and March 31, 2022, are as follows:

Type	Name of the related party	Account headings	June 30, 2022	March 31, 2022
Controlling company	SK Inc.	Leasehold deposits received <sup>(*)</sup>	₩ 32,711,600	32,711,600
		Accrued income	943,749	629,166
		Non-trade payables	–	7,077
Others	SK REITs Management Co., Ltd.	Non-trade payables	1,015,584	1,001,400
Large business group affiliates	SK Energy Co. Ltd.	Leasehold deposits received <sup>(*)</sup>	26,828,680	26,828,680
		Accrued income	376,349	250,857
	SK hynix Inc.	Leasehold deposits received <sup>(*)</sup>	17,330,392	–
	SK shieldus Co.,Ltd	Non-trade payables	24,160	–

(\*) It is a nominal value that does not reflect the current value discount of KRW 5,716,584 thousand won and KRW 2,740,411 thousand won, respectively.

(\*) It is a nominal value that does not reflect the current value discount of KRW 4,537,485 thousand won and KRW 4,651,915 thousand won, respectively.

(4) Key management personnel compensations for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	For the three-month period ended June 30, 2022	For the three-month period ended March 31, 2022
Key management personnel compensation	₩ 18,000	18,000

(5) Dividends paid to related parties for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

Type	Name of the related party	For the three-month period ended June 30, 2022	For the three-month period ended March 31, 2022
Controlling company	SK Inc.	₩ 5,540,850	5,435,118

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 30. COMMITMENTS

### (1) Asset management contract

#### 1) Contract to provide operating lease to SK Inc. and SK Hynix Inc.

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

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

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

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

### (2) General affairs consignment contract

#### 1) Contract to provide operating lease to SK Inc. and SK Hynix Inc.

The Group has entered into a general business consignment contract with Shinhan Aitas Co., Ltd. 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 won for each closing period (VAT not included)

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

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

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

### (3) Asset trust contract

#### 1) Contract to provide operating lease to SK Inc. and SK Hynix Inc.

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

Type	Detail
Asset trust fees	Real estate: KRW1.25 million won for each closing period (VAT not included) Securities, cash: KRW 5 million won for each closing period (VAT not included)

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

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 30. COMMITMENTS (CONT'D)

### (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) SK T Tower in Jung-gu 2) SK Telecom Training Center in Icheon 3) SK Planet Building in Seongnam
SK Planet Co., Ltd.	SK Planet Building in Seongnam

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

### (5) Lease agreement

#### 1) Contract for providing operating lease to SK Inc.

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

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

Regarding the lease of SK Energy Gayang gas Station and other 115 gas stations, the Group has entered into a ten-year lease agreement (rental deposit of KRW 26,828,680 thousand won and monthly rent of KRW 2,682,868 thousand won) with SK Energy Co., Ltd. from July 7, 2021 to June 30, 2031.

#### 3) Contract for providing operating lease to SK Hynix Inc.

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

### (6) Loan agreement

Details of the loan agreement as of June 30, 2022, are as follows:

(in thousands of Korean won)

	Financial institutions	Contract amount	Loan amount	Annual interest rate(%)	Maturity	Repayment method
Prior (SK Seorin Building)	Standard Chartered Bank Korea Ltd	₩ 116,000,000	116,000,000	2.08	July 5, 2024	Repayment at maturity
	SK Office OneQ No. 1	60,000,000	60,000,000			
	S Tiger K Co., Ltd.	80,000,000	80,000,000			
	Kookmin Bank	150,000,000	150,000,000			
	Sumitomo Mitsui Banking Corporation	115,800,000	115,800,000			
	Mizuho Bank, Ltd.	80,000,000	80,000,000			
	Subtotal	601,800,000	601,800,000			
Prior (SK U Tower)	Standard Chartered Bank Korea Ltd	40,000,000	40,000,000	3.49	June 30, 2023	Repayment at maturity
	Sumitomo Mitsui Banking Corporation	40,000,000	40,000,000			
	Mizuho Bank, Ltd.	40,000,000	40,000,000			
	Subtotal	120,000,000	120,000,000			
Subordinated (SK U Tower)	Standard Chartered Bank Korea Ltd	37,380,000	37,380,000	4.44	June 30, 2025	Repayment at maturity
	Kookmin Bank	69,000,000	69,000,000			
	Sumitomo Mitsui Banking Corporation	39,000,000	39,000,000			
	Mizuho Bank, Ltd.	39,000,000	39,000,000			
	Subtotal	184,380,000	184,380,000			
VAT loan	Standard Chartered Bank Korea Ltd	22,500,000	22,500,000	4.04	September 3, 2022	Repayment at maturity
	Subtotal	22,500,000	22,500,000			
Prior (Gayang gas station and other 115 gas stations)	Standard Chartered Bank Korea Ltd	130,100,000	130,100,000	2.08	July 5, 2024	Repayment at maturity
	Clean Energy OneQ No. 1	60,000,000	60,000,000			
	S Tiger Energy Co., Ltd.	40,000,000	40,000,000			
	Kookmin Bank	130,000,000	130,000,000			
	Sumitomo Mitsui Banking Corporation	20,000,000	20,000,000			
	Mizuho Bank, Ltd.	70,000,000	70,000,000			
	Subtotal	450,100,000	450,100,000			
		<b>₩ 1,378,780,000</b>	<b>1,378,780,000</b>			

(CONTINUED)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## 30. COMMITMENTS (CONT'D)

### (7) Collateral trust contract

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

### (8) Brand use agreement

As of 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.

## 31. SUPPLEMENTAL CASH FLOW INFORMATION

### (1) Details of Cash flows from operating activities for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	For the three-month period ended June 30, 2022		For the three-month period ended March 31, 2022	
<b>Profit for the period</b>	₩	<b>8,798,969</b>		<b>9,136,745</b>
<b>Adjustment:</b>		<b>8,188,192</b>		<b>8,008,417</b>
Depreciation		2,098,912		2,054,428
Interest expenses		6,456,706		6,284,728
rental revenues		(284,774)		(284,835)
Interest income		(82,652)		(45,904)
<b>Changes in operating assets and liabilities:</b>		<b>(22,321,197)</b>		<b>(348,476)</b>
(Increase) in other accounts receivable		(142,084)		–
(Increase) in accrued income		(440,076)		(440,137)
Decrease (increase) in prepaid expenses		(24,820)		9,371
(Increase) in VAT receivables		(21,595,070)		–
Increase (decrease) in VAT payables		(929,603)		100,380
Increase (decrease) in other payables		810,327		(18,175)
Increase in withholdings		129		85
<b>Cash flows from operating activities</b>		<b>(5,334,036)</b>		<b>16,796,686</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

### (2) The significant non-cash transactions for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	For the three-month period ended June 30, 2022		For the three-month period ended March 31, 2022	
Reclassification of the current portion of long-term unearned revenues	₩	911,061		284,590
Increase in long-term unearned revenues		3,130,823		–

### (3) Reconciliation details of liabilities arising from financial activities for the three-month periods ended June 30, 2022 and March 31, 2022, are as follows:

(in thousands of Korean won)

	For the three-month period ended June 30, 2022				
	Beginning of period	Cashflows	Amortization	Non-cash transactions	End of period
Short-term borrowings	₩ –	142,143,750	–	56,250	142,200,000
Long-term borrowings	1,046,037,186	182,997,150	632,576	–	1,229,666,912
Debentures	–	234,000,000	–	–	234,000,000
Leasehold deposits received	52,147,954	17,330,392	269,080	(3,130,823)	66,616,603

(in thousands of Korean won)

	For the three-month period ended March 31, 2022				
	Beginning of period	Cashflows	Amortization	Non-cash transactions	End of period
Long-term borrowings	₩ 1,045,415,163	–	622,023	–	1,046,037,186
Leasehold deposits received	51,887,269	–	260,685	–	52,147,954

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

As of June 30, 2022 and March 31, 2022

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

As of June 30, 2022 and March 31, 2022

### 32. OPERATING SEGMENTS

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.

The Group's operating revenues were entirely domestic, and information related to external customers with whom the Group conducts transactions that amount to 10% or more of the Group's operating revenues for the three-month periods ended June 30, 2022, and March 31, 2022, are as follows:

(in thousands of Korean won)

Customer	Type		For the three-month period ended June 30, 2022	For the three-month period ended March 31, 2022
SK Inc.	Operating revenues <sup>(*)1</sup>	₩	10,128,062	10,128,062
SK Hynix Inc.	Operating revenues <sup>(*)2</sup>		57,768	–
SK Energy Co., Ltd.	Operating revenues <sup>(*)2</sup>		8,174,095	8,174,158

(\*1) KRW 159,981 thousand won and KRW 159,981 thousand won reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*2) KRW 124,793 thousand won and KRW 124,609 thousand won reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

### 33. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The events occurring after the reporting period that does not affect the financial statements as of June 30, 2022, are as follows:

(1) On June 16, 2022, the board of directors decided to increase paid-in capital by resolution and the details of capital increase with consideration are as follows:

Type	Detail
Purpose of issuing	The purpose of the Group's management, such as repayment of short-term bonds for financing the acquisition of SK U Tower and other financing necessary for the operation thereof
Number of issuing stocks	41,533,547 shares of ordinary shares
Issue price per a stock	KRW 5,060 won per share
Total amount of issuing	KRW 210,159,747,820 won
Record date for new shares allocation	July 4, 2022
Allocation method	Shareholder allocation
Date of application	Shareholders: August 4, 2022 ~ August 5, 2022 (for two days) Public offering: August 9, 2022 ~ August 10, 2022 (for two days)
Payment date	August 12, 2022

(2) On August 24, 2022, the group redeemed corporate debentures amounting to KRW 234,000 million won by capital increase with consideration (see note 33-(1)).

(3) On August 12, 2022, the group made an advanced redemption of short-term borrowings amounting to KRW 22,500 million won by VAT refund.

# SK REIT CO., LTD. AND ITS SUBSIDIARIES

## Consolidated Financial Statements for the three-month periods ended

December 31, 2022 and September 30, 2022

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 accompanying 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, 2022 and September 30, 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and September 30, 2022, and its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

#### Basis for opinion

We conducted our audits in accordance with the 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 matters

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

Appropriateness of disclosure of assets provided as collateral

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

The main audit procedures we performed this key audit matter are as follows.

- We confirmed details of collaterals established by financial institutions and others by sending and collecting inquiry letters to financial institutions.
- We assessed the appropriateness of the amount of mortgage and pledge by checking loan agreements and contracts.
- We confirmed whether major assets provided as collateral substantially exist by assessing certified copies of real estate register and the original book of trust.
- We assessed the appropriateness of the amount of collaterals established by financial institutions and others by comparing the Group's data with those of the Korea Federation of Banks.

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

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

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

## 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.

## INDEPENDENT AUDITOR'S REPORT

(English Translation of a Report Originally Issued in Korean)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yong Soo Jung.



March 14, 2023

This audit report is effective as of March 14, 2023, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

## SK REIT CO., LTD. AND SUBSIDIARIES

### Consolidated statements of financial position

As of December 31, 2022 and September 30, 2022

(In Korean won)

	Notes	December 31, 2022	September 30, 2022
<b>Assets</b>			
<b>Current Assets</b>		<b>80,692,386,245</b>	<b>22,042,173,072</b>
Cash and cash equivalents	4, 5, 6, 7	37,188,731,118	4,740,966,568
Short-term financial instruments	4, 5, 6, 8	38,053,334,575	15,032,942,558
Trade and other receivables	4, 5, 6, 9	4,464,321	312,400
Other current financial assets	5, 6, 10, 30	2,362,685,354	1,787,733,317
Other current assets	11	3,083,170,877	480,218,229
<b>Non-current Assets</b>		<b>3,046,674,523,304</b>	<b>2,386,023,438,723</b>
Long-term financial instruments	5, 6, 12	7,505,773,305	–
Investment properties	14, 15, 16, 19	3,039,168,749,999	2,386,023,438,723
<b>Total assets</b>		<b>₩ 3,127,366,909,549</b>	<b>2,408,065,611,795</b>
<b>Liabilities</b>			
<b>Current liabilities</b>		<b>₩ 727,099,846,506</b>	<b>125,471,076,216</b>
Short-term borrowings	4, 5, 6, 15, 16, 19, 31, 32	394,387,850,466	119,775,165,127
Debentures	4, 5, 6, 19, 32	319,861,398,345	–
Other current financial liabilities	4, 5, 6, 17, 30	6,253,193,808	1,458,085,532
Other current liabilities	18	6,597,403,887	4,237,825,557
<b>Non-current liabilities</b>		<b>1,431,547,467,494</b>	<b>1,305,426,345,816</b>
Long-term borrowing	4, 5, 6, 15, 16, 19, 31, 32	1,231,178,232,827	1,230,420,614,855
	4, 5, 6, 15, 19, 32	108,007,668,448	–
Leasehold deposits received	4, 5, 6, 15, 20, 30, 32	82,492,335,814	67,029,241,269
Other non-current liabilities	18	9,869,230,405	7,976,489,692
<b>Total liabilities</b>		<b>₩ 2,158,647,314,000</b>	<b>1,430,897,422,032</b>
<b>Equity</b>			
Capital and reserves attributable to owners of the Company		<b>₩ 968,719,595,549</b>	<b>977,168,189,763</b>
Share Capital	21	98,277,039,500	98,277,039,500
Other paid-in capital	22	870,120,833,930	873,215,884,562
Retained earnings	23	321,722,119	5,675,265,701
Non-controlling interests		–	–
<b>Total equity</b>		<b>968,719,595,549</b>	<b>977,168,189,763</b>
<b>Total liabilities and equity</b>		<b>₩ 3,127,366,909,549</b>	<b>2,408,065,611,795</b>

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

## SK REIT CO., LTD. AND SUBSIDIARIES

### Consolidated statements of comprehensive income

For the three-month periods ended December 31, 2022 and September 30, 2022

(In Korean won)

	Notes	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Operating revenues	14, 26, 30	₩ 29,005,612,557	24,150,060,598
Operating expenses	14, 27, 30	7,705,930,848	5,721,696,012
Operating profit		21,299,681,709	18,428,364,586
Finance costs, net	6, 28	(17,518,153,690)	(11,164,566,124)
Finance income		520,442,777	186,587,355
Finance costs		18,038,596,467	11,351,153,479
Non-operating profit (loss), net	29	(48,890,237)	35,042
Other income		1,942,054	35,042
Other expenses		50,832,291	-
Profit before tax		3,732,637,782	7,263,833,504
Income tax expense	24	-	-
Profit for the period		₩ 3,732,637,782	7,263,833,504
Profit is attributable to:			
Owners of the Company		3,732,637,782	7,263,833,504
Non-controlling interests		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		₩ 3,732,637,782	7,263,833,504
Total comprehensive income is attributable to:			
Owners of the Company		3,732,637,782	7,263,833,504
Non-controlling interests		-	-
Earnings per share			
Basic and diluted earnings per share	25	18.99	41.01

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

## SK REIT CO., LTD. AND SUBSIDIARIES

### Consolidated statements of changes in equity

For the three-month periods ended December 31, 2022 and September 30, 2022

(In Korean won)

	Attributable to owners of SK REIT CO., LTD.				Non-controlling interests	Total equity
	Share capital	Other paid-in capital	Retained earnings	Total		
Balance as of July 1, 2022	₩ 77,510,266,000	687,262,384,420	7,811,427,035	772,584,077,455	-	772,584,077,455
Total comprehensive income:						
Profit for the period	-	-	7,263,833,504	7,263,833,504	-	7,263,833,504
Transactions with owners:						
Capital increase with consideration	20,766,773,500	187,503,914,323	-	208,270,687,823	-	208,270,687,823
Dividends	-	-	(10,950,409,019)	(10,950,409,019)	-	(10,950,409,019)
Transfer of share premium to retained earnings	-	(1,550,414,181)	1,550,414,181	-	-	-
Balance as of September 30, 2022	₩ 98,277,039,500	873,215,884,562	5,675,265,701	977,168,189,763	-	977,168,189,763
Balance as of October 1, 2022	₩ 98,277,039,500	873,215,884,562	5,675,265,701	977,168,189,763	-	977,168,189,763
Total comprehensive income:						
Profit for the period	-	-	28,932,185,367	28,932,185,367	-	28,932,185,367
Transactions with owners:						
Issuance of convertible bonds	-	2,649,817,836	-	2,649,817,836	-	2,649,817,836
Redemption of convertible bonds	-	(1,858,480,618)	-	(1,858,480,618)	-	(1,858,480,618)
Dividends	-	-	(12,972,569,214)	(12,972,569,214)	-	(12,972,569,214)
Transfer of share premium to retained earnings	-	(3,886,387,850)	3,886,387,850	-	-	-
Balance as of December 31, 2022	₩ 98,277,039,500	870,120,833,930	321,722,119	968,719,595,549	-	968,719,595,549

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

## SK REIT CO., LTD. AND SUBSIDIARIES

### Consolidated statements of cash flows

For the three-month periods ended December 31, 2022 and September 30, 2022

(In Korean won)

	Notes	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
<b>Cash flows from operating activities:</b>			
Cash generated by operating activities	32	₩ 27,298,849,863	44,464,080,874
Interest income received		398,031,533	207,050,890
Interest expenses paid		(14,897,651,473)	(8,740,970,580)
Income taxes paid		(52,782,790)	(22,935,840)
<b>Net cash flows provided by operating activities</b>		<b>12,746,447,133</b>	<b>35,907,225,344</b>
<b>Cash flows from investing activities:</b>			
Cash inflows from investing activities		40,032,942,558	1,000,000,000
Disposal of short-term financial assets		40,032,942,558	1,000,000,000
Cash outflows from investing activities		(728,334,479,394)	–
Acquisition of short-term financial assets		63,053,334,575	–
Acquisition of long-term financial assets		7,505,773,305	–
Acquisition of investment property (land)		583,514,237,721	–
Acquisition of investment property (building)		74,261,133,793	–
Net cash flows provided by (used in) investing activities		(688,301,536,836)	1,000,000,000
<b>Net cash (outflow) from investing activities</b>		<b>(1,226,542,630,626)</b>	<b>(1,875,096,876,658)</b>
<b>Cash flows from financing activities:</b>			
Cash inflows from financing activities		1,083,975,423,467	208,270,687,823
Increase in short-term borrowings		274,392,182,137	–
Issuance of debentures		653,867,780,000	–
Issuance of convertible bonds		137,514,855,520	–
Increase in leasehold deposits received		18,200,605,810	–
Capital increase with consideration		–	208,270,687,823
Cash outflows from financing activities		(375,972,569,214)	(267,450,409,019)
Repayment of short-term borrowings		–	22,500,000,000
Repayment of debentures		334,000,000,000	234,000,000,000
Repayment of convertible bonds		29,000,000,000	–
Dividends paid	23	12,972,569,214	10,950,409,019
<b>Net cash flows provided by (used in) financing activities</b>		<b>708,002,854,253</b>	<b>(59,179,721,196)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>32,447,764,550</b>	<b>(22,272,495,852)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>4,740,966,568</b>	<b>27,013,462,420</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>₩ 37,188,731,118</b>	<b>4,740,966,568</b>

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## 1. THE GROUP

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

The Company was established on March 15, 2021 under the Real Estate Investment Companies Act of the Republic of Korea. The 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 Company's head office has located in 136, Sejong-daero, Jung-gu, Seoul, Korea, and listed to KRX KOSPI Market on September 14, 2021.

The Company's major shareholders and their respective shareholdings as of December 31, 2022, are as follows:

Name of Shareholders	Number of shares	Types of shares	Percentage of ownership (%)
SK Inc.	84,503,272	ordinary share	42.99
Korean Federation of Community Credit Cooperatives	16,710,807	ordinary share	8.50
SAMSUNG SECURITIES Co., Ltd (Trustee of KORAMCO Pre-IPO REITs Trust NO.19)	9,943,227	ordinary share	5.06
Others	85,396,773	ordinary share	43.45
	<b>196,554,079</b>		<b>100.00</b>

Consolidated subsidiaries and current status

The Group is engaged in real estate leasing. Meanwhile, the status of subsidiaries included in the consolidated financial statements as of December 31, 2022 and September 30, 2022, is as follows.

Name of Subsidiaries	Main business	Country of domicile	Percentage of Ownership (%)		Reporting period end
			December 31, 2022	September 30, 2022	
Clean Energy REIT Co., Ltd.	Real estate investment	Korea	100.00	100.00	End of March, June, September and December
Total Value 1 REIT Co., Ltd.	Real estate investment	Korea	100.00	–	End of March, June, September and December

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (1) Basis of Preparation

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

Consolidated financial statements are prepared based on historical cost, except for certain non-current assets and financial assets measured at the revaluation 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 received to acquire an asset.

(CONTINUED)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

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

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 financial statements, the Group will have sufficient resources to survive as a going concern for the foreseeable future period. Therefore, the management prepared the consolidated financial statements on the premise of the going concern.

### 1) New and amended standards and interpretations that have been applied for the first-time for the three-month period ended December 31, 2022 are as follows:

#### – Amendment to KIFRS 1016 *Property, Plant and Equipment*

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss, and the Group must apply the amendments retrospectively only to items of PP&E made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application). These amendments had no impact on the financial position or performance of the Group.

#### – Amendment to KIFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*

The amendment clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

#### – Amendment to KIFRS 1103 *Business Combinations*

The amendments replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of KIFRS 1103 *Business Combinations* for liabilities and contingent liabilities that would be within the scope of KIFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets* or KIFRS Interpretation 2121 *Levies*, if incurred separately by requiring entities to apply the criteria in KIFRS 1037 or KIFRS Interpretation 2121, respectively, instead of the *Conceptual Framework*. The amendments also add a new paragraph to KIFRS 1103 to clarify that contingent assets do not qualify for recognition at the acquisition date. These amendments had no impact on the financial position or performance of the Group.

#### – Amendment to KIFRS 1116 *Leases*

The amendment provides lessees that have been granted Covid-19 related rent concessions with practical relief, allowing a lessee to elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under KIFRS 1116, if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic. A lessee that applies the practical expedient discloses that it has applied the practical expedient to all rent concessions that meet the conditions for the practical expedient. These amendments had no impact on the financial position or performance of the Group.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

#### – Annual Improvements to KIFRS Standards 2018–2020 Cycle

The Annual Improvements include amendments to KIFRS 1101 *First-time Adoption*, KIFRS 1109 *Financial Instruments*, KIFRS 1116 *Leases*, and KIFRS 1041 *Agriculture*. These amendments had no impact on the financial position or performance of the Group.

### 2) Standards that have been issued but are neither effective nor early adopted by the Group are as follows. These standards do not have significant effect on the Group's financial statements.

#### – Amendment to KIFRS 1001 *Classification of Liabilities as Current or Non-current*

The amendment to KIFRS 1001 affects only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendment clarifies that the classification of liabilities as current or non-current is based on the rights that exist at the end of the reporting period and emphasizes that classification is unaffected by the expectations of the entity to exercise the delay of settlement. It also explains that the rights exist when the borrowing commitment is compiled and defines 'settlement' to make clear that settlement refers to extinguishment of a liability through a transfer of cash, equity instruments, other assets or services to the counterparty. The amendment is applied for annual periods beginning on or after January 1, 2024, with early application permitted.

#### – Amendment to KIFRS 1001 *Accounting Policy Disclosure*

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. The amendment is applied for annual periods beginning on or after January 1, 2023, with early application permitted.

#### – Amendment to KIFRS 1001 *Accounting Policy Disclosure*

The amendment requires to disclose the carrying amount of financial liabilities and gains or losses related thereto if all or part of a financial instrument whose exercise price is subject to changes in the issuer's share price is classified as a financial liability. The amendment is applied for annual periods beginning on or after January 1, 2023, with early application permitted.

#### – Amendment to KIFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors*

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period with early application permitted.

#### – Amendment to KIFRS 1012 *Income Taxes*

The amendments narrowed the scope of the initial recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences, thus to resolve accounting diversity in the recognition of deferred tax liabilities and assets. Paragraphs 15 and 24 (initial recognition exceptions of deferred income taxes) of KIFRS 1012 were amended to include an additional condition (3) where a deferred tax asset and liability shall be recognized for a temporary difference that arises on initial recognition of an asset or liability in a single transaction if that transaction give rise to equal amounts of taxable and deductible temporary differences. The amendments apply prospectively for annual periods beginning on or after January 1, 2023, and early application is permitted.

(CONTINUED)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

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

### (2) Basis of consolidation

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

The Group determines that control exists if, and only if, the Group has 1) power over an investee, 2) exposure or rights to variable returns from its involvement with the investee, and 3) the ability to use its power over an investee to affect the investor's profit. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

Consolidation of a subsidiary begins when the Company acquires control over the subsidiary and ceases when the Company loses control of the subsidiary. In particular, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the date the Company gains control until the date the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 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

December 31, 2022 and September 30, 2022

### (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 initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss as gain on bargain purchases.

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

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

When a business combination is achieved in stages, the Group's interest in the acquired entity are remeasured to its acquisition-date fair value and the gain or loss resulted therefrom, 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.

(CONTINUED)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

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

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

The Group presents assets and liabilities in the statement of financial positions based on current and non-current classification.

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

### (5) Cash and cash equivalents

Cash and cash equivalents include cash held, bank deposits, and other highly liquid short-term investments that are due within three months as of the acquisition date.

### (6) Revenue recognition

The Group, a real estate investment company under *Real Estate Investment Company Act*, recognizes the lease income arising from the provision of operating lease for investment property over the lease period on a systematic basis reflecting the benefit eliminated as the property is used. Therefore, it is not within the scope of KIFRS 1115 *Revenue from Contracts with Customers*.

### (7) Lease

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

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

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

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

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

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

### (8) Foreign currency conversion

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

In preparing consolidated financial statements, transactions made in currency other than the functional currency of the applicable entity (i.e., foreign currency) are recorded at the exchange rate of the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date. Meanwhile, non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is determined, but non-monetary that are measured in terms of historical cost in a foreign currency are not retranslated.

### (9) Borrowing costs

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

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

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

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

### (10) Investment properties

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

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

(CONTINUED)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

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

### (10) Investment properties (Cont'd)

While land is not depreciated, all other investment property is depreciated based on the respective assets' estimated 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 expense consists of current and deferred tax. Income tax relating to items recognized directly in other comprehensive income or equity is recognized directly in other comprehensive income or other equity items. Otherwise, income tax is recognized in profit 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 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.

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

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

In addition, due to the uncertainty of future taxable income, deferred tax assets for temporary differences to be deducted in the future were not recorded as of December 31, 2022.

### (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.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

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.

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.

(CONTINUED)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

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

### (13) Financial assets (Cont'd)

#### 3) Impairment of financial assets

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

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

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

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

#### 4) Derecognition of financial assets

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

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.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

#### 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*
- 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 been expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate, are at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

### (15) Operating segment

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

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## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

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

### (16) Application of special provisions prescribed in *Real Estate Investment Company Act*: Exclusion of the obligation to reserve profit reserves and extra dividends

The Group does not accumulate profit reserves as it is exempt from the obligation to accumulate profit reserves at the point of dividend payment prescribed in Article 458 of the Commercial Act pursuant to *Real Estate Investment Company Act* which is effective as of the closing date. In addition, the Group may pay dividends in excess of its profit for the applicable fiscal year to the extent of depreciation expenses for the year as it is exempt from the application of Article 462 of the Commercial Act pursuant to *Real Estate Investment Company Act*.

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

These consolidated financial statements have been approved by the Board of Directors on February 7, 2023, and can be revised and approved for the revision at the shareholders' meeting to be held on March 22, 2023.

## 3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

### (1) Corporate tax

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

### (2) Fair value of investment properties

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

## 4. FINANCIAL RISK MANAGEMENT

### (1) Financial risk management factors

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

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

#### 1) Market Risk

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

#### 2) Credit Risk

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

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

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

##### ① Trade receivable and contract assets

The Group applies an expedient that recognizes lifetime expected credit losses as loss allowance for trade receivables and contracted assets. To measure the expected credit losses, trade receivables and contract assets were categorized based on their credit risk characteristics and overdue dates. Trade receivables and contract assets do not exist as of December 31, 2022. Accordingly, the loss allowance is not recognized.

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

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

#### 3) Liquidity Risk

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

Details of financial liabilities classified by residual maturity as of December 31, 2022 and September 30, 2022, are as follows:

(In thousands of Korean won)

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

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## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

#### 4. FINANCIAL RISK MANAGEMENT (CONT'D)

(In thousands of Korean won)

	September 30, 2022			
	Within 1 year	1 year ~ 5 years	Over 5 years	Total
Short-term borrowings <sup>(*)</sup> <sup>(2)</sup>	₩ 123,120,921	–	–	123,120,921
Non-trade payables	1,424,183	–	–	1,424,183
Accrued expenses	33,903	–	–	33,903
Long-term borrowings <sup>(*)</sup> <sup>(2)</sup>	30,065,992	1,267,279,555	–	1,297,345,547
Leasehold deposits received <sup>(2)</sup>	–	50,041,992	26,828,680	76,870,672
	<b>₩ 154,644,999</b>	<b>1,317,321,547</b>	<b>26,828,680</b>	<b>1,498,795,226</b>

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

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

#### (2) Capital risk management

The primary objective of the Group's capital management is to maintain its ability to continuously provide return to its shareholders and stakeholders and to optimize its capital structure to reduce capital costs. To maintain or modify capital structure, the Group manages dividends, returns the funds for shareholders, issues new shares and sells assets to reduce liabilities.

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

Gearing ratios as of December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	December 31, 2022	September 30, 2022
Borrowings and debentures	₩ 2,053,435,150	1,350,195,780
Less: cash and cash equivalents and short-term financial instruments	75,242,066	19,773,909
Net debt	1,978,193,084	1,330,421,871
Total equity	2,946,912,680	2,307,590,061
Capital funding ratio	67.1%	57.7%

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

#### 5. FAIR VALUE OF FINANCIAL INSTRUMENTS

Details of the fair value of financial instruments as of December 31, 2022 and September 30, 2022 are as follows:

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

(In thousands of Korean won)

	December 31, 2022		September 30, 2022	
	Book value	Fair value	Book value	Fair value
<b>Financial assets</b>				
Cash and cash equivalents <sup>(*)</sup>	₩ 37,188,731	37,188,731	4,740,967	4,740,967
Short-term financial instruments <sup>(*)</sup>	38,053,335	38,053,335	15,032,943	15,032,943
Trade and other receivables <sup>(*)</sup>	4,464	4,464	312	312
Other current financial assets (accrued income) <sup>(*)</sup>	2,362,685	2,362,685	1,787,733	1,787,733
Long-term financial instruments <sup>(*)</sup>	7,505,773	7,505,773	–	–
	<b>₩ 85,114,988</b>	<b>85,114,988</b>	<b>21,561,955</b>	<b>21,561,955</b>
<b>Financial liabilities</b>				
Short-term borrowings <sup>(*)</sup>	₩ 394,387,850	394,387,850	119,775,165	119,775,165
Debentures <sup>(*)</sup>	319,861,398	319,861,398	–	–
Other current financial liabilities (non-trade payables) <sup>(*)</sup>	2,134,767	2,134,767	1,424,183	1,424,183
Other current financial liabilities (accrued expense) <sup>(*)</sup>	4,118,427	4,118,427	33,903	33,903
Long-term borrowings <sup>(*)</sup>	1,231,178,233	1,231,178,233	1,230,420,615	1,230,420,615
Convertible bonds <sup>(*)</sup>	108,007,669	108,007,669	–	–
Leasehold deposits received <sup>(*)</sup>	82,492,336	82,492,336	67,029,241	67,029,241
	<b>₩ 2,142,180,680</b>	<b>2,142,180,680</b>	<b>1,418,683,107</b>	<b>1,418,683,107</b>

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

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

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

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

As of December 31, 2022, the Group's financial instruments are excluded from the scope of disclosure of the fair value hierarchy because their book values were estimated to be reasonable approximations of fair values.

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## 6. FINANCIAL INSTRUMENTS

(1) Book values by category of financial instruments as of December 31, 2022 and September 30, 2022 are as follows:

### 1) Financial Assets

(In thousands of Korean won)

	Financial assets measured at amortized cost	
	December 31, 2022	September 30, 2022
Cash and cash equivalents	₩ 37,188,731	4,740,967
Short-term financial instruments	38,053,335	15,032,943
Trade and other receivables	4,464	312
Other current financial assets (accrued income)	2,362,685	1,787,733
Long-term financial instruments	7,505,773	–
	<b>₩ 85,114,988</b>	<b>21,561,955</b>

### 2) Financial Liabilities

(In thousands of Korean won)

	Financial liabilities measured at amortized cost	
	December 31, 2022	September 30, 2022
Short-term borrowings	₩ 394,387,850	119,775,165
Debentures	319,861,398	–
Other current financial liabilities (non-trade payables)	2,134,767	1,424,183
Other current financial liabilities (accrued expenses)	4,118,427	33,903
Long-term borrowings	1,231,178,233	1,230,420,615
Convertible bonds	108,007,669	–
Leasehold deposits received	82,492,336	67,029,241
	<b>₩ 2,142,180,680</b>	<b>1,418,683,107</b>

(2) Net income by category of financial instruments as of December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Financial assets measured at amortized cost:		
Interest income	₩ 520,443	186,587
Financial liabilities measured at amortized cost:		
Interest expenses	18,038,596	11,351,153

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

## 7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	Financial institution	December 31, 2022	September 30, 2022	Note
Cash and cash equivalents	Standard Chartered Bank Korea Ltd., etc.	₩ 37,188,731	4,740,967	Pledged as security <sup>(*)</sup>

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

## 8. SHORT-TERM FINANCIAL INSTRUMENTS

Short-term financial instruments as of December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	Financial institution	December 31, 2022	September 30, 2022	Note
Time deposits	Standard Chartered Bank Korea Ltd., etc.	₩ 38,053,335	15,032,943	Pledged as security <sup>(*)</sup>

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

## 9. TRADE AND OTHER RECEIVABLES

Trade and other receivables as of December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	December 31, 2022	September 30, 2022
Account receivables	4,464	312
Less: allowance for doubtful accounts	–	–
	<b>₩ 4,464</b>	<b>312</b>

## 10. OTHER FINANCIAL ASSETS

Other financial assets as of December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	December 31, 2022		September 30, 2022	
	Current	Non-Current	Current	Non-Current
Accrued income	₩ 2,362,685	–	1,787,733	–

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## 11. OTHER ASSETS

Other assets as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	December 31, 2022		September 30, 2022	
	Current	Non-Current	Current	Non-Current
Prepaid expenses	₩ 2,991,423	–	441,253	–
Advanced tax	91,748	–	38,965	–
	<b>₩ 3,083,171</b>	<b>–</b>	<b>480,218</b>	<b>–</b>

## 12. LONG-TERM FINANCIAL INSTRUMENTS

Long-term financial instruments as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	Financial institution	December 31, 2022	September 30, 2022	Note
Time deposits	SHINHAN BANK, etc.	₩ 7,505,773	–	Pledged as security (*)

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

## 13. SUBSIDIARIES

(1) Details of the Group's investments in subsidiaries as of December 31, 2022 and September 30, 2022 are as follows:

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

(2) Summary of financial positions of the subsidiaries as of December 31, 2022 and September 30, 2022 is as follows:

(in thousands of Korean won)

	Clean Energy REIT Co., Ltd		Total Value 1 REIT Co., Ltd.	
	December 31, 2022	September 30, 2022	December 31, 2022	September 30, 2022
Current assets	₩ 10,674,530	12,050,347	24,695,940	300,000
Non-current assets	806,141,700	806,499,295	664,743,442	–
<b>Total assets</b>	<b>816,816,230</b>	<b>818,549,642</b>	<b>689,439,382</b>	<b>300,000</b>
Current liabilities	1,780,471	1,918,703	250,411,427	–
Non-current liabilities	474,666,450	474,396,585	17,381,693	–
<b>Total liabilities</b>	<b>476,446,921</b>	<b>476,315,288</b>	<b>267,793,120</b>	<b>–</b>
Capital and reserves attributable to the Company	340,369,309	342,234,354	421,646,262	300,000
Non-controlling interests	–	–	–	–
<b>Total equity</b>	<b>₩ 340,369,309</b>	<b>342,234,354</b>	<b>421,646,262</b>	<b>300,000</b>

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

(3) Summary of financial performances of the subsidiaries for the three-month periods ended December 31, 2022 and September 30, 2022 is as follows:

(in thousands of Korean won)

	Clean Energy REIT Co., Ltd		Total Value 1 REIT Co., Ltd.	
	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Sales	₩ 8,298,888	8,298,888	4,844,472	–
Operating profit	7,356,632	7,381,547	2,902,203	–
Net income	4,652,166	4,659,614	309,478	–
Other comprehensive income	–	–	–	–
<b>Total comprehensive income</b>	<b>₩ 4,652,166</b>	<b>4,659,614</b>	<b>309,478</b>	<b>–</b>

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

(4) Summary of financial cash flows of the subsidiaries for the three-month periods ended December 31, 2022 and September 30, 2022 is as follows:

(in thousands of Korean won)

	Clean Energy REIT Co., Ltd		Total Value 1 REIT Co., Ltd.	
	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Cash flows from operating activities	₩ 5,024,319	5,283,444	5,931,034	–
Cash flows from investing activities	7,032,943	1,000,000	(668,334,479)	–
Cash flows from financing activities	(6,517,211)	(5,083,175)	683,629,572	300,000
Net increase in cash and cash equivalents	5,540,051	1,200,269	21,226,127	300,000
Cash and cash equivalents, beginning of the period	4,328,979	3,128,711	300,000	–
<b>Cash and cash equivalents, end of the period</b>	<b>₩ 9,869,030</b>	<b>4,328,980</b>	<b>21,526,127</b>	<b>300,000</b>

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## 14. INVESTMENT PROPERTIES

(1) Investment properties as of December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	December 31, 2022			September 30, 2022		
	Acquisition cost	Accumulated depreciation	Carrying value	Acquisition cost	Accumulated depreciation	Carrying value
Land	₩ 2,425,641,485	–	2,425,641,485	1,842,127,247	–	1,842,127,247
Buildings	630,471,839	(16,944,574)	613,527,265	556,210,705	(12,314,513)	543,896,192
	<b>₩ 3,056,113,324</b>	<b>(16,944,574)</b>	<b>3,039,168,750</b>	<b>2,398,337,952</b>	<b>(12,314,513)</b>	<b>2,386,023,439</b>

(2) Changes in investment properties for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2022			
	Beginning balance	Acquisitions	Depreciation	Ending balance
Land	₩ 1,842,127,247	583,514,238	–	2,425,641,485
Buildings	543,896,192	74,261,133	(4,630,060)	613,527,265
	<b>₩ 2,386,023,439</b>	<b>657,775,371</b>	<b>(4,630,060)</b>	<b>3,039,168,750</b>

(In thousands of Korean won)

	For the three-month period ended September 30, 2022			
	Beginning balance	Acquisitions	Depreciation	Ending balance
Land	₩ 1,842,127,247	–	–	1,842,127,247
Buildings	547,988,549	–	(4,092,357)	543,896,192
	<b>₩ 2,390,115,796</b>	<b>–</b>	<b>(4,092,357)</b>	<b>2,386,023,439</b>

(3) Revenues and expenses related to investment properties for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Operating revenues <sup>(*)</sup>	₩ 29,005,612	24,150,061
Operating expenses <sup>(**)</sup>	6,538,265	5,357,348

(\*1) Operating revenues consist of rental revenues.

(\*2) Operating expenses consist of depreciation expense, asset custody consignment fees, asset management consignment fees, and real estate management consignment fees.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

(4) Fair value of investment properties

1) The fair value of SK Seorin Building, which is provided for operating leases to SK Inc., as of December 31, 2022 and September 30, 2022 is as follows:

(In thousands of Korean won)

	December 31, 2022		September 30, 2022	
	Book value	Fair value <sup>(*)</sup>	Book value	Fair value <sup>(*)</sup>
Land	₩ 779,333,004	814,407,000	779,333,004	797,572,000
Building	266,221,490	286,143,000	267,963,976	280,228,000
	<b>₩ 1,045,554,494</b>	<b>1,100,550,000</b>	<b>1,047,296,980</b>	<b>1,077,800,000</b>

(\* ) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: December 31, 2022). There are no significant changes in the fair value for the three-month period ended December 31, 2022.

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

2) The fair value of SK U Tower, which is provided for operating leases to SK hynix Inc., as of December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	December 31, 2022		September 30, 2022	
	Book value	Fair value <sup>(*)</sup>	Book value	Fair value <sup>(*)</sup>
Land	₩ 297,117,047	301,002,800	297,117,047	282,003,200
Building	233,117,841	239,397,200	235,110,116	225,196,800
	<b>₩ 530,234,888</b>	<b>540,400,000</b>	<b>532,227,163</b>	<b>507,200,000</b>

(\* ) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: December 31, 2022). There are no significant changes in the fair value for the three-month period ended December 31, 2022.

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

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

##### (4) Fair value of investment properties (Cont'd)

3) The fair value of the gas stations provided for operating leases to SK Energy Co., Ltd. as of December 31, 2022 and September 30, 2022 are as follows.

(In thousands of Korean won)

	December 31, 2022		September 30, 2022	
	Book value	Fair value (*)	Book value	Fair value (*)
Land	₩ 765,677,197	806,541,669	765,677,197	789,917,835
Building	40,464,502	45,789,011	40,822,099	45,789,011
	<b>₩ 806,141,699</b>	<b>852,330,680</b>	<b>806,499,296</b>	<b>835,706,846</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Kyung-il Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: December 31, 2022). There are no significant changes in the fair value for the three-month period ended December 31, 2022.

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) The fair value of Jong-ro Tower, which is provided for operating leases to SK On Co., Ltd. and others, as of December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	December 31, 2022		September 30, 2022	
	Book value	Fair value (*)	Book value	Fair value (*)
Land	₩ 583,514,238	569,276,600	-	-
Building	73,723,431	72,523,400	-	-
	<b>₩ 657,237,669</b>	<b>641,800,000</b>	<b>-</b>	<b>-</b>

(\*) The fair value of the investment property was determined based on an evaluation conducted by the Sam-chang Appraisal Corporation, an independent external entity with appropriate qualifications and experience in relation to the local property assessment (Evaluation date: July 21, 2022). There are no significant changes in the fair value for the three-month period ended December 31, 2022.

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 building to be appraised.

##### (5) Details of operational lease provided

###### 1) Details of leases provided to SK Inc.

The Group has a contract with SK Inc. to provide operating leases for SK Seorin Building, and the depreciation expenses of the operating lease assets are KRW 1,742,486 thousand and KRW 1,742,486 thousand, respectively, for the three-month periods ended December 31, 2022 and September 30, 2022.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

Details of the estimated minimum lease fee that the Group expects to receive for the above investment property as of December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	December 31, 2022		September 30, 2022	
Within 1 year	₩	40,378,839		40,228,546
1 year ~ 2 years		40,984,522		40,831,974
2 years ~ 3 years		41,599,290		41,444,454
3 years ~ 4 years		20,954,481		31,431,721
4 years ~ 5 years		-		-
	<b>₩</b>	<b>143,917,132</b>		<b>153,936,695</b>

In addition, the rental revenues recognized in relation to the operating lease during the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2022		For the three-month period ended September 30, 2022	
Rental revenues	₩	10,348,262		10,337,183

###### 2) Details of leases provided to SK hynix Inc.

The Group has a contract with SK hynix Inc. to provide operating leases for SK U Tower, and the depreciation expenses of the operating lease asset are KRW 1,992,275 thousand and KRW 1,992,275 thousand, respectively, for the three-month periods ended December 31, 2022 and September 30, 2022.

Details of the estimated minimum lease fee that the Group expects to receive for the above investment property as of December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	December 31, 2022		September 30, 2022	
Within 1 year	₩	20,952,444		20,874,457
1 year ~ 2 years		21,266,731		21,187,574
2 years ~ 3 years		21,585,732		21,505,388
3 years ~ 4 years		21,909,518		21,827,969
4 years ~ 5 years		11,036,308		16,554,462
	<b>₩</b>	<b>96,750,733</b>		<b>101,949,850</b>

In addition, the rental revenues recognized in relation to the operating lease during the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(In thousands of Korean won)

	For the three-month period ended December 31, 2022		For the three-month period ended September 30, 2022	
Rental revenues	₩	5,513,990		5,513,989

(CONTINUED)

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## 14. INVESTMENT PROPERTIES (CONT'D)

### (5) Details of operational lease provided (Cont'd)

#### 3) Details of leases provided to SK Energy Co., Ltd

The Group has a contract with SK Energy Co., Ltd. to provide operating leases for Gayang gas station and other gas stations, and the depreciation expenses of the operating lease assets are KRW 357,597 thousand and KRW 357,597 thousand, respectively, for the three-month periods ended December 31, 2022 and September 30, 2022.

Details of the estimated minimum lease fee that the Group expects to receive for the above investment property as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	December 31, 2022		September 30, 2022	
Within 1 year	₩	32,147,040		32,194,416
1 year ~ 2 years		32,147,040		32,194,416
2 years ~ 3 years		32,147,040		32,194,416
3 years ~ 4 years		32,307,775		32,274,902
4 years ~ 5 years		32,630,853		32,597,651
Over 5 years		116,756,926		125,139,375
	₩	<b>278,136,674</b>		<b>286,595,176</b>

In addition, the rental revenues recognized in relation to the operating lease during the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	For the three-month period ended December 31, 2022		For the three-month period ended September 30, 2022	
Rental revenues	₩	8,298,888		8,298,888

#### 4) Details of leases provided to SK On Co., Ltd. and others

The Group has a contract with SK On Co., Ltd. and others to provide operating leases for Jong-ro Tower, and the depreciation expense of the operating lease asset is KRW 537,703 thousand for the three-month period ended December 31, 2022.

Details of the estimated minimum lease fee that the Group expects to receive for the above investment property as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	December 31, 2022		September 30, 2022	
Within 1 year	₩	22,663,680		-
1 year ~ 2 years		22,383,633		-
2 years ~ 3 years		19,533,349		-
3 years ~ 4 years		17,742,693		-
4 years ~ 5 years		4,633,215		-
Over 5 years		1,212,445		-
	₩	<b>88,169,015</b>		<b>-</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

In addition, the rental revenues recognized in relation to the operating lease during the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	For the three-month period ended December 31, 2022		For the three-month period ended September 30, 2022	
Rental revenues	₩	2,933,213		-
Maintenance revenues		1,699,506		-
Other revenues		211,753		-
	₩	<b>4,844,472</b>		<b>-</b>

### (6) Fair value hierarchy of investment properties

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

(in thousands of Korean won)

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

(in thousands of Korean won)

September 30, 2022				
	Level 1	Level 2	Level 3	Total
Investment properties	₩ -	-	2,420,706,846	<b>2,420,706,846</b>

### (7) Valuation methods and input variables

(in thousands of Korean won)

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

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

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

(in thousands of Korean won)

September 30, 2022					
	Fair value	Level	Valuation method	Unobservable input variable	Relationship between fair value and input variables
Investment properties	₩ 2,420,706,846	3	(*)	Price per square meter and operating income	(**)

(\*1) Income capitalization approach was applied to the contract of providing operating leases to SK Inc., and the cost approach and revision approach based on standard land price were applied to the contract of providing operating leases to SK Energy Co., Ltd.

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

#### 15. ASSETS PLEDGED AS SECURITY

Details of investment properties that are pledged as security as of December 31, 2022 are as follows:

(in thousands of Korean won)

Pledged assets		Financial institutions	Maximum amount of bonds	Carrying amount	Related liabilities			
Investment property (SK Seorin Building)	Land/Buildings (*)	Prior	Standard Chartered Bank Korea Ltd	₩ 139,200,000	116,000,000	Long-term borrowings		
			SK Office OneQ No. 1	72,000,000	60,000,000			
			S Tiger K Co., Ltd.	96,000,000	80,000,000			
			KOOKMIN BANK	180,000,000	150,000,000			
			Sumitomo Mitsui Banking Corporation	138,960,000	115,800,000			
			Mizuho Bank Co Ltd.	96,000,000	80,000,000			
			Subtotal	722,160,000	601,800,000			
			Subordinated	SK Inc.	39,253,920		32,711,600	Leasehold deposits
				Subtotal	39,253,920		32,711,600	
					<b>761,413,920</b>		<b>634,511,600</b>	
	Investment property (SK U Tower)	Land/Buildings (*)	Prior	Standard Chartered Bank Korea Ltd	44,856,000	37,380,000	Long-term borrowings	
				KOOKMIN BANK	82,800,000	69,000,000		
				Sumitomo Mitsui Banking Corporation	46,800,000	39,000,000		
Mizuho Bank Co Ltd.				46,800,000	39,000,000			
Subtotal				221,256,000	184,380,000			
Collateral security				Standard Chartered Bank Korea Ltd	48,000,000	40,000,000		Short-term borrowings
				Sumitomo Mitsui Banking Corporation	48,000,000	40,000,000		
				Mizuho Bank Co Ltd.	48,000,000	40,000,000		
				Subtotal	144,000,000	120,000,000		
Subordinated				SK hynix Inc.	20,796,470	17,330,392		Leasehold deposits
		Subtotal	20,796,470	17,330,392				
			<b>386,052,470</b>	<b>321,710,392</b>				

Pledged assets		Financial institutions	Maximum amount of bonds	Carrying amount	Related liabilities			
Investment property (Gayang gas station and other gas stations)	Land/Buildings (*)	Prior	Standard Chartered Bank Korea Ltd	156,120,000	130,100,000	Long-term borrowings		
			Clean Energy One Q No.1	72,000,000	60,000,000			
			S Tiger Energy Co., Ltd.	48,000,000	40,000,000			
			KOOKMIN BANK	156,000,000	130,000,000			
			Sumitomo Mitsui Banking Corporation	24,000,000	20,000,000			
			Mizuho Bank Co Ltd.	84,000,000	70,000,000			
			Subtotal	540,120,000	450,100,000			
			Subordinated	SK Energy Co. Ltd.	32,194,416		26,828,680	Leasehold deposits
				Subtotal	32,194,416		26,828,680	
					<b>572,314,416</b>		<b>476,928,680</b>	
	Investment property (Jong-ro Tower)	Land/Buildings (*)	Preferred beneficiary rights of collateral trust	Standard Chartered Bank Korea Ltd	185,760,000	154,800,000	Short-term borrowings	
				Sumitomo Mitsui Banking Corporation	108,000,000	90,000,000		
				Subtotal	293,760,000	244,800,000		
leasehold				Starbucks coffee Korea	350,000	350,000		Leasehold deposits
				Subtotal	350,000	350,000		
Collateral security				McDonald's Korea	2,400,000	2,000,000		Leasehold deposits
				JT International Korea Inc	1,027,860	856,550		
				SECUi Corp.	2,400,000	2,000,000		
				SK On Co., Ltd. and 5 lessees	6,051,171	5,042,643		
		Subtotal	11,879,031	9,899,193				
			<b>305,989,031</b>	<b>255,049,193</b>				
		<b>₩ 2,025,769,837</b>	<b>1,688,199,865</b>					

(\*) The book values of land and buildings pledged as security by the Group are KRW 1,045,554,494 thousand for Seorin Building, KRW 530,234,888 thousand for SK U Tower, KRW 806,141,699 thousand for Gayang gas station and other gas stations and KRW 657,237,669 thousand for Jong-ro Tower.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

## 16. INSURANCE SUBSCRIPTION STATUS

(1) Details of insurance that the Group subscribes to SK Seorin Building as of December 31, 2022 are as follows:

(in thousands of Korean won)

Assets	Indemnity amount	Company
Comprehensive property risk	Buildings etc. ₩ 349,492,037	Hyundai Marine & Fire Insurance Co., Ltd.
Risk of corporate suspension	80,757,678	
Risk of liability for indemnity	N/A 10,000,000 per accident and for people and property collectively	

The right to receive insurance claim for the above insurance is subjected to pledge amounting to KRW 722,160,000 thousand with the limit of indemnity amount at Standard Chartered Bank Korea Co., Ltd. and others in relation to borrowings.

(2) Details of insurance that the Group subscribes to SK U Tower as of December 31, 2022 are as follows:

(in thousands of Korean won)

Assets	Indemnity amount	Company
Comprehensive property risk	Buildings etc. ₩ 229,285,000	Hyundai Marine & Fire Insurance Co., Ltd.
Risk of corporate suspension	41,904,888	
Risk of liability for indemnity	N/A 10,000,000 per accident and for people and property collectively	

The right to receive insurance claim for the above insurance is subjected to pledge amounting to KRW 365,256,000 thousand with the limit of indemnity amount at Standard Chartered Bank Korea Co., Ltd. and others in relation to borrowings.

(3) Details of insurance that SK Energy Co., Ltd., the lessee of the Group, subscribes to the Group as the insured as of December 31, 2022 are as follows:

(in thousands of Korean won)

Assets	Indemnity amount	Company
Comprehensive property risk	Buildings etc. ₩ 385,558,308	Hyundai Marine & Fire Insurance Co., Ltd.
Risk of corporate suspension	127,022,242	
Risk of liability for indemnity	N/A 3,000,000 per accident and for people and property collectively	

The right to receive insurance claim for the above insurance is subjected to pledge amounting to KRW 540,120,000 thousand with the limit of indemnity amount at Standard Chartered Bank Korea Co., Ltd. and others in relation to borrowings.

(4) Details of insurance that the Group subscribes to Jong-ro Tower as of December 31, 2022 are as follows:

(in thousands of Korean won)

Assets	Indemnity amount	Company
Comprehensive property risk	Buildings etc. ₩ 139,138,024	KB Insurance Co., Ltd.
Machinery risk	Machinery 139,138,024	
Risk of corporate suspension	Buildings etc. 53,253,851	
	Machinery 53,253,851	
Risk of liability for indemnity	N/A 6,510,000	

The right to receive insurance claim for the above insurance is subjected to pledge amounting to KRW 293,760,000 thousand with the limit of indemnity amount at Standard Chartered Bank Korea Co., Ltd. and others in relation to borrowings.

## 17. OTHER FINANCIAL LIABILITIES

Other financial liabilities as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	December 31, 2022		September 30, 2022	
	Current	Non-Current	Current	Non-Current
Non-trade payables	₩ 2,134,767	–	1,424,183	–
Accrued expenses	4,118,427	–	33,903	–
	<b>₩ 6,253,194</b>	<b>–</b>	<b>1,458,086</b>	<b>–</b>

## 18. OTHER LIABILITIES

Other liabilities as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	December 31, 2022		September 30, 2022	
	Current	Non-Current	Current	Non-Current
Unearned revenues	₩ 2,571,941	9,869,230	1,765,259	7,976,490
VAT payables	2,497,962	–	2,465,961	–
Withholdings	441	–	129	–
Advances from customers	1,527,060	–	6,477	–
	<b>₩ 6,597,404</b>	<b>9,869,230</b>	<b>4,237,826</b>	<b>7,976,490</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

## 19. DEBENTURES AND BORROWINGS

(1) Details of debentures as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

Funding Purpose	Financial institution	December 31, 2022	September 30, 2022	Interest rate (%)	Maturity date	Repayment method
Public-offering bonds	SK SECURITIES Co., Ltd	₩ 38,400,000	–	5.06	October 6, 2023	Repayment at maturity
	Korea Investment & Securities Co., Ltd	38,400,000	–			
	SAMSUNG SECURITIES Co., Ltd	19,200,000	–			
Short-term bonds	Korea Investment & Securities Co., Ltd	100,000,000	–	6.25	February 28, 2023	Repayment at maturity
	Korea Investment & Securities Co., Ltd	100,000,000	–	6.30	March 14, 2023	Repayment at maturity
	SAMSUNG SECURITIES Co., Ltd	24,000,000	–			
Convertible bonds	Standard Chartered Bank Korea Ltd.	50,000,000	–	4.00	December 12, 2025	Repayment at maturity
	NH INVESTMENT & SECURITIES CO.,LTD.	6,000,000	–			
	Shinhan Securities Co., Ltd.	38,000,000	–			
	Korea Investment & Securities Co., Ltd	15,000,000	–			
Subtotal		429,000,000	–			
Less: discount account on present value		(1,130,933)	–			
		₩ 427,689,067	–			

(2) Details of convertible bonds as of December 31, 2022 are as follows:

Type	2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds
Issue date	December 13, 2022
Maturity	December 12, 2025
Face value	KRW 109,000,000,000
Issuance amount	KRW 109,000,000,000
Total amount	KRW 109,000,000,000
Coupon rate	4.0%
Guaranteed maturity rate	5.5%
Redemption method	The amount equivalent to 104.8516% of debentures registered electronically will be repaid in entirety at the end of maturity.
Type of Bond	Private offering
Conversion Rate (%)	100
Conversion Price	KRW 4,779 per share

Type	2nd Bearer-type Interest Unsecured Private Equity Convertible Bonds	
Stocks to be issued due to Conversion	Stocks	Registered ordinary shares of SK REIT CO., LTD.
	Number of shares	22,808,118
	Percentage of Number of Shares Outstanding (%)	10.40
Conversion Request Period	Start date	December 13, 2023
	End date	November 12, 2025
Option	Early Redemption Claim (Put Option)	The bond holders are entitled to early redemption right after 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)

(3) Details of short-term borrowings as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

Funding Purpose	Financial institution	December 31, 2022	September 30, 2022	Interest rate (%)	Maturity date	Repayment method
Facility funds	Standard Chartered Bank Korea Co., Ltd	₩ 40,000,000	40,000,000	3.49	June 30, 2023	Repayment at maturity
	Sumitomo Mitsui Banking Corporation	40,000,000	40,000,000			
	Mizuho Bank Co Ltd.	40,000,000	40,000,000			
Unsecured loans	Standard Chartered Bank Korea Co., Ltd	30,000,000	–	6.53	August 31, 2023	Repayment at maturity
Facility funds	Standard Chartered Bank Korea Co., Ltd	154,800,000	–	5.07	October 13, 2023	Repayment at maturity
	Sumitomo Mitsui Banking Corporation	90,000,000	–			
Subtotal		394,800,000	120,000,000			
Less: present value discount		(412,150)	(224,835)			
		₩ 394,387,850	119,775,165			

Investment properties of the Group are provided as collateral in relation to the above short-term borrowings (see note 15).

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## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

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

(4) Details of long-term borrowings as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

Funding Purpose	Financial institution	December 31, 2022	September 30, 2022	Interest rate (%)	Maturity date	Repayment method
Facility funds	Standard Chartered Bank Korea Co., Ltd	₩ 246,100,000	246,100,000	2.08	July 5, 2024	Repayment at maturity
	SK Office One Q No.1	60,000,000	60,000,000			
	Clean Energy One Q No.1	60,000,000	60,000,000			
	S Tiger K Co., Ltd.	80,000,000	80,000,000			
	S Tiger Energy Co., Ltd.	40,000,000	40,000,000			
	KOOKMIN BANK	280,000,000	280,000,000			
	Sumitomo Mitsui Banking Corporation	135,800,000	135,800,000			
	Mizuho Bank Co Ltd.	150,000,000	150,000,000			
Facility funds	Standard Chartered Bank Korea Co., Ltd	37,380,000	37,380,000	4.44	June 30, 2025	Repayment at maturity
	KOOKMIN BANK	69,000,000	69,000,000			
	Sumitomo Mitsui Banking Corporation	39,000,000	39,000,000			
	Mizuho Bank Co Ltd.	39,000,000	39,000,000			
Subtotal	1,236,280,000	1,236,280,000				
Less: discount account on present value	(5,101,767)	(5,859,385)				
	<b>₩ 1,231,178,233</b>	<b>1,230,420,615</b>				

Investment properties of the Group are provided as collateral in relation to the above long-term borrowings (see note 15).

## 20. LEASEHOLD DEPOSITS RECEIVED

Details of leasehold deposits received as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	December 31, 2022	September 30, 2022
Nominal value	₩ 95,071,278	76,870,672
Less: present value discount	(12,578,942)	(9,841,431)
<b>Book value</b>	<b>₩ 82,492,336</b>	<b>67,029,241</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

## 21. CAPITAL STOCK

(1) Details of capital stock as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	December 31, 2022	September 30, 2022
Authorized shares of capital stock	5,000,000,000 shares	5,000,000,000 shares
Par value	KRW 500	KRW 500
Issued number of ordinary shares	196,554,079 shares	196,554,079 shares
Capital stock:	KRW 98,277,040 thousand	KRW 98,277,040 thousand

(2) Changes in capital stock for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won, Shares)

	For the three-month period ended December 31, 2022		For the three-month period ended September 30, 2022	
	Number of shares	Capital stock	Number of shares	Capital stock
Beginning balance	₩ 196,554,079	98,277,040	155,020,532	77,510,266
Capital increase with consideration	–	–	41,533,547	20,766,774
<b>Ending balance</b>	<b>₩ 196,554,079</b>	<b>98,277,040</b>	<b>196,554,079</b>	<b>98,277,040</b>

## 22. OTHER PAID-IN-CAPITAL:

(1) Details of other paid-in capital as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	December 31, 2022	September 30, 2022
Share premium	₩ 869,329,497	873,215,885
Value of conversion rights (*)	640,638	–
Other capital surplus	150,699	–
	<b>₩ 870,120,834</b>	<b>873,215,885</b>

(\*) The Group issued convertible bonds with an issuance price of KRW 109,000 million and a maturity of three years. The conversion rights of these convertible bonds were classified as equity and were recognised by subtracting the fair value of the financial liabilities from the fair value of the entire financial instruments.

(2) Changes in paid-in capital for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Beginning balance	₩ 873,215,885	687,262,384
Capital increase with consideration	–	187,503,914
Transfer to retained earnings	(3,886,388)	(1,550,413)
Issuance of convertible bonds	2,649,818	–
Redemption of convertible bonds	(1,858,481)	–
<b>Ending balance</b>	<b>₩ 870,120,834</b>	<b>873,215,885</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## 23. DIVIDENDS

Details of planned dividend payment as of December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	December 31, 2022	September 30, 2022
Total dividends	₩ 12,972,569,214	12,972,569,214
Issued number of ordinary shares (in shares)	196,554,079	196,554,079
Dividends per share	66	66
Par value	500	500
Dividends ratio	13.20%	13.20%

## 24. INCOME TAXES EXPENSES

Income tax expense is recorded at the amount calculated by adding or subtracting changes in deferred income tax for the current period to the sum of corporate tax to be borne in the current fiscal year and tax added to corporate tax in accordance with laws such as the Corporate Tax Act. The Group, however, pursuant to Article 51-2 of *Corporate Tax Act* of the Republic of Korea, *Income Deduction for Special Purpose Companies, etc.*, shall deduct its taxable income to the extent of dividends it has paid for the applicable fiscal year if the Group pays at least 90% of its distributable income prescribed by Presidential Decree as dividends. In this regard, the amount of taxes the Group has to pay is nil, and accordingly, the Group did not record any current tax for the period.

## 25. EARNINGS PER SHARE

Earnings per share for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

### (1) Basic earnings per share of ordinary shares

(in Korean won, shares)

	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Profit for the period	₩ 3,732,637,782	7,263,833,504
Profit for the period, attributable to the owners	3,732,637,782	7,263,833,504
Weighted-average number of ordinary shares outstanding (in shares)	196,554,079	177,141,660
Basic earnings per share	18.99	41.01

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

### (2) Calculation of weighted average number of ordinary shares outstanding

(in shares)

For the three-month period ended September 30, 2022				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	October 1, 2022 ~ December 31, 2022	196,554,079	92	18,082,975,268
				18,082,975,268
Weighted average number of ordinary shares outstanding				196,554,079

(in shares)

For the three-month period ended September 30, 2022				
	Term	Number of shares in circulation	days	Accumulation
Beginning balance	July 1, 2022 ~ September 30, 2022	155,020,532	92	14,261,888,944
Capital increase with consideration	August 13, 2022 ~ September 30, 2022	41,533,547	49	2,035,143,803
				16,297,032,747
Weighted average number of ordinary shares outstanding				177,141,660

### (3) Diluted earnings per share

The Group has issued convertible bonds that are potential ordinary shares. However, diluted earnings per share are the same as basic earnings per share because the convertible bonds are antidilutive as of December 31, 2022 and September 30, 2022.

## 26. OPERATING REVENUES

Details of operating revenues for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Rental revenues	₩ 27,094,354	24,150,061
Maintenance revenues	1,699,506	—
Other revenues	211,753	—
	₩ 29,005,613	24,150,061

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## 27. OPERATING EXPENSES

Details of operating expenses for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

		For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Salaries	₩	26,000	18,000
Insurance expenses		15,745	9,427
Depreciation		4,630,060	4,092,357
Asset management consignment fees		1,438,264	1,186,279
Asset custody consignment fees		16,538	11,599
General affairs consignment fees		85,222	74,693
Real estate management consignment fees		453,403	67,113
Commission expenses		295,909	234,304
Taxes and due		284,214	4,674
Utility expenses		432,896	–
Deemed rent		27,680	23,250
	₩	<b>7,705,931</b>	<b>5,721,696</b>

## 28. FINANCE INCOME AND COSTS

Details of finance income and costs for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

		For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Finance income	Interest income	₩ 520,443	186,587
Finance costs	Interest expenses	18,038,596	11,351,153
		₩ <b>(17,518,153)</b>	<b>(11,164,566)</b>

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

## 29. OTHER INCOME AND EXPENSES

Details of other income and expenses for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

		For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Other income	Miscellaneous gains	₩ 1,942	35
Other expenses	Loss on redemption of debentures	50,832	–
		₩ <b>(48,890)</b>	<b>35</b>

## 30. RELATED-PARTY TRANSACTIONS

(1) Details of related parties as of December 31, 2022 are as follows:

Type	Name of the related parties
Controlling company	SK Inc.
Other related party	SK REITs Management Co., Ltd.
Large business group affiliates	SK Energy Co. Ltd., SK hynix Inc., SK On Co., Ltd. and other SK business group affiliates

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

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

(2) Significant transactions between the Group and related parties for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

Type	Name of the related party	Account headings	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Controlling company	SK Inc.	Rental revenues <sup>(*)1</sup>	₩ 10,188,282	10,177,202
		Commission expenses	11,967	11,967
Other related party	SK REITs Management Co., Ltd.	Asset management trust fees	1,438,264	1,186,279
		Stock transfers	–	300,000
		Purchase fees	6,420,000	–
Large business group affiliates	SK Energy Co. Ltd.	Rental revenues <sup>(*)2</sup>	8,174,095	8,174,095
	SK hynix Inc.	Rental revenues <sup>(*)3</sup>	5,357,448	5,357,448
	SK shieldus Co.,Ltd	Real estate management consignment fees	14,400	14,400
	SK On Co., Ltd.	Operating revenues	1,036,952	–
	SK Geo Centric Co., Ltd.	Operating revenues	482,879	–
	SK Energy Co. Ltd.	Operating revenues	410,059	–
	SK ecoplant Co., Ltd.	Operating revenues	207,831	–
	SK E&S Co., Ltd.	Operating revenues	323,285	–
	SK Forest. Co., Ltd.	Operating revenues	102,887	–

(\*1) KRW 159,981 thousand and 159,981 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*2) KRW 124,793 thousand and 124,793 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*3) KRW 156,541 thousand and 156,541 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

Meanwhile, the Group was designated by SK REITs Management Co., Ltd., a related party, to negotiate the preferential purchase of Jong-ro Tower and acquired the building at fair value during the three-month period ended December 31, 2022.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

(3) Outstanding balances to related parties as of December 31, 2022 and September 30, 2022 are as follows:

Type	Name of the related party	Account headings	December 31, 2022	September 30, 2022
Controlling company	SK Inc.	Leasehold deposits received <sup>(*)1</sup>	₩ 32,711,600	32,711,600
		Accrued income <sup>(*)2</sup>	1,281,187	1,112,468
Other related party	SK REITs Management Co., Ltd.	Non-trade payables	1,304,907	1,304,907
Large business group affiliates	SK Energy Co. Ltd.	Leasehold deposits received <sup>(*)3</sup>	26,828,680	26,828,680
		Accrued income <sup>(*)2</sup>	627,331	501,840
	SK hynix Inc.	Leasehold deposits received <sup>(*)1</sup>	17,330,392	17,330,392
		Accrued income <sup>(*)2</sup>	316,662	158,331
	SK shieldus Co.,Ltd	Non-trade payables	5,280	5,280
	SK On Co., Ltd., etc.	Leasehold deposits received	9,546,249	–

(\*1) It is a nominal value that does not reflect the present value discount of KRW 5,119,124 thousand and KRW 5,418,967 thousand as of December 31, 2022 and September 30, 2022, respectively.

(\*2) The Group recognized no allowance for accrued income as of December 31, 2022 and September 30, 2022.

(\*3) It is a nominal value that does not reflect the present value discount of KRW 4,306,850 thousand and KRW 4,422,464 thousand as of December 31, 2022 and September 30, 2022, respectively.

(4) Significant cash transactions between the Group and related parties for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

Type	Name of the related party	Account headings	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Controlling company	SK Inc.	Capital increase with consideration	₩ –	35,384,610

(5) Key management personnel compensations for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Key management personnel compensation	₩ 26,000	18,000

(6) Dividends paid to related parties for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

Type	Name of the related party	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Controlling company	SK Inc.	₩ 5,577,216	4,707,841

(7) Details of significant commitments between the Group and related parties are described in note 31.

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## 31. COMMITMENTS

### (1) Asset management contract

#### 1) Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets, such as real estate acquisition, management, improvement and disposal, real estate development, leasing and security trading, with paying the following asset management fees (see note 30).

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

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

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets such as real estate acquisition, management, improvement and disposal, real estate development, leasing and securities trading, while paying the following asset management fees (see note 30).

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

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

The Group has contracted with SK REITs Management Co., Ltd. for investment management of assets such as real estate acquisition, management, improvement and disposal, real estate development, leasing and securities trading, while paying the following asset management fees (see note 30).

Type	Detail
Purchase fee	KRW 6,420,000,000
Management fees	Purchase price * 0.2%/365(366 days for leap year) * Days (number of days of holding the operating asset)
Asset management performance fee	(Dividend before commission – dividend before highest commission) * (average number of issued shares per day) * 25%
Disposal fee	Real property: 0.7% of disposal value Others: (Total Value + Premium of the Assets disposed) * Disposal Ratio * 0.7%
Disposal performance fee	Real property: (Disposal price – Purchase price – Disposal fee) * 10% – Accumulated amount of asset management performance fee Others: (Total value of disposed assets + premium – purchase price – disposal fee) * disposal ratio * 10% – accumulated amount of asset management performance fee

### (2) General affairs consignment contract

#### 1) Contract to provide operating lease to SK Inc. and SK hynix Inc.

The Group has entered into a general business consignment contract with Shinhan Aitas Co., Ltd. for business related to stock issuance, listing-related business, and management of the Group, with paying the following general affairs consignment fees.

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

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

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

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

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

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

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

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## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## 31. COMMITMENTS (CONT'D)

### (3) Asset trust contract

#### 1) Contract to provide operating lease to SK Inc. and SK hynix Inc.

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

Type	Detail
Asset trust fees	Real estate: KRW1,25 million for each closing period (VAT not included) Securities, cash: KRW 5 million for each closing period (VAT not included)

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

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

Type	Detail
Asset trust fees	Real estate: KRW 1,25 million for each closing period (VAT not included) Securities, cash: KRW 1.5 million for each closing period (VAT not included)

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

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

Type	Detail
Asset trust fees	Real estate: KRW1,25 million for each closing period (VAT not included) Securities, cash: KRW 5 million for each closing period (VAT not included)

### (4) Negotiating rights for preferential purchase

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

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

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

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

### (5) Lease agreement

#### 1) Contract for providing operating lease to SK Inc.

Regarding the lease of SK Seorin Building, the Group has entered into a five-year lease agreement (rental deposit of KRW 32,711,600 thousand and monthly rent of KRW 3,271,160 thousand) with SK Inc. from July 6, 2021 to July 5, 2026 (see note 30).

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

Regarding the lease of SK Energy Gayang gas Station and other 115 gas stations, the Group has entered into a ten-year lease agreement (rental deposit of KRW 26,828,680 thousand and monthly rent of KRW 2,682,868 thousand) with SK Energy Co., Ltd. from July 7, 2021 to June 30, 2031 (see note 30).

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

#### 3) Contract for providing operating lease to SK hynix Inc.

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

### (6) Loan agreement

Details of the loan agreement as of December 31, 2022 are as follows:

(in thousands of Korean won)

	Financial institutions	Contract amount	Loan amount	Annual interest rate(%)	Maturity	Repayment method
Prior (SK Seorin Building)	Standard Chartered Bank Korea Ltd	₩ 116,000,000	116,000,000	2.08	July 5, 2024	Repayment at maturity
	SK Office OneQ No. 1	60,000,000	60,000,000			
	S Tiger K Co., Ltd.	80,000,000	80,000,000			
	KOOKMIN BANK	150,000,000	150,000,000			
	Sumitomo Mitsui Banking Corporation	115,800,000	115,800,000			
	Mizuho Bank, Ltd.	80,000,000	80,000,000			
Subtotal	601,800,000	601,800,000				
Prior (SK U Tower)	Standard Chartered Bank Korea Ltd.	40,000,000	40,000,000	3.49	June 30, 2023	Repayment at maturity
	Sumitomo Mitsui Banking Corporation	40,000,000	40,000,000			
	Mizuho Bank, Ltd.	40,000,000	40,000,000			
	Subtotal	120,000,000	120,000,000			

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## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

## 31. COMMITMENTS (CONT'D)

### (6) Loan agreement (cont'd)

	Financial institutions	Contract amount	Loan amount	Annual interest rate(%)	Maturity	Repayment method
Prior (SK U Tower)	Standard Chartered Bank Korea Ltd	37,380,000	37,380,000	4.44	June 30, 2025	Repayment at maturity
	KOOKMIN BANK	69,000,000	69,000,000			
	Sumitomo Mitsui Banking Corporation	39,000,000	39,000,000			
	Mizuho Bank, Ltd.	39,000,000	39,000,000			
	Subtotal	184,380,000	184,380,000			
Prior (Gayang gas station and other 115 gas stations)	Standard Chartered Bank Korea Ltd	130,100,000	130,100,000	2.08	July 5, 2024	Repayment at maturity
	Clean Energy OneQ No. 1	60,000,000	60,000,000			
	S Tiger Energy Co., Ltd.	40,000,000	40,000,000			
	KOOKMIN BANK	130,000,000	130,000,000			
	Sumitomo Mitsui Banking Corporation	20,000,000	20,000,000			
	Mizuho Bank, Ltd.	70,000,000	70,000,000			
Subtotal	450,100,000	450,100,000				
Prior (Jong-ro Tower)	Standard Chartered Bank Korea Ltd.	154,800,000	154,800,000	5.07	October 13, 2023	Repayment at maturity
	Sumitomo Mitsui Banking Corporation	90,000,000	90,000,000			
	Subtotal	244,800,000	244,800,000			
Unsecured	Standard Chartered Bank Korea Ltd.	30,000,000	30,000,000	6.53	August 31, 2023	Repayment at maturity
		<b>₩ 1,631,080,000</b>	<b>1,631,080,000</b>			

### 7) Collateral trust contract

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

### (8) Brand use agreement

As of 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 (see note 30).

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

## 32. SUPPLEMENTAL CASH FLOW INFORMATION

### (1) Details of Cash flows from operating activities for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
<b>Profit for the period</b>	<b>₩ 3,732,638</b>	<b>7,263,834</b>
<b>Adjustment:</b>	<b>21,621,902</b>	<b>14,815,608</b>
Depreciation	4,630,060	4,092,357
Interest expenses	18,038,596	11,351,153
Loss on redemption of debentures	50,832	–
rental revenues	(577,143)	(441,315)
Interest income	(520,443)	(186,587)
<b>Changes in operating assets and liabilities:</b>	<b>1,944,310</b>	<b>22,384,639</b>
Decrease (increase) in other accounts receivable	(4,152)	141,771
Increase in accrued income	(452,541)	(485,483)
Increase in prepaid expenses	(25,496)	(73,573)
Decrease in VAT receivables	–	21,595,070
Increase in VAT payables	32,002	1,704,423
Increase (decrease) in other payables	710,584	(503,917)
Increase in advances from customers	1,520,583	6,477
Increase in accrued expenses	163,018	–
Increase (decrease) in withholdings	312	(129)
<b>Cash flows from operating activities</b>	<b>27,298,850</b>	<b>44,464,081</b>

### (2) The significant non-cash transactions for the three-month periods ended December 31, 2022 and September 30, 2022, are as follows:

(in thousands of Korean won)

	For the three-month period ended December 31, 2022	For the three-month period ended September 30, 2022
Reclassification of the current portion of long-term unearned revenues	₩ 574,567	441,315
Reclassification of long-term leasehold deposits received to unearned revenues	3,276,566	–

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements

December 31, 2022 and September 30, 2022

### 32. SUPPLEMENTAL CASH FLOW INFORMATION (CONT'D)

(3) Reconciliation details of liabilities arising from financial activities for the three-month periods ended December 31, 2022 and September 30, 2022 are as follows:

(in thousands of Korean won)

	For the three-month period ended December 31, 2022				
	Beginning of period	Cash flows	Amortization	Non-cash transactions	End of period
Short-term borrowings	₩ 119,775,165	274,392,182	220,503	–	394,387,850
Long-term borrowings	1,230,420,615	–	757,618	–	1,231,178,233
Debentures	–	319,867,780	41,618	(48,000)	319,861,398
Convertible bonds	–	108,514,856	233,318	(740,506)	108,007,668
Leasehold deposits received	67,029,241	18,200,606	539,055	(3,276,566)	82,492,336

(in thousands of Korean won)

	For the three-month period ended December 31, 2022				
	Beginning of period	Cash flows	Amortization	Non-cash transactions	End of period
Short-term borrowings	₩ 142,200,000	(22,500,000)	75,165	–	119,775,165
Long-term borrowings	1,229,666,912	–	753,703	–	1,230,420,615
Debentures	234,000,000	(234,000,000)	–	–	–
Leasehold deposits received	66,616,603	–	412,638	–	67,029,241

## SK REIT CO., LTD AND ITS SUBSIDIARIES

### Notes to the Consolidated Financial Statements, Continued

December 31, 2022 and September 30, 2022

### 33. OPERATING SEGMENTS

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

The Group's operating revenues were entirely domestic, and information related to external customers with whom the Group conducts transactions that amount to 10% or more of the Group's operating revenues for the three-month periods ended December 31, 2022, and September 30, 2022 are as follows:

(in thousands of Korean won)

Customer	Type	For the three-month period ended December 31, 2022		For the three-month period ended September 30, 2022	
		₩		₩	
SK Inc.	Operating revenues <sup>(*)1</sup>	₩ 10,188,282		₩ 10,177,202	
SK hynix Inc.	Operating revenues <sup>(*)2</sup>	5,357,448		5,357,448	
SK Energy Co. Ltd.	Operating revenues <sup>(*)3</sup>	8,174,095		8,174,095	
		<b>₩ 23,719,825</b>		<b>₩ 23,708,745</b>	

(\*1) KRW 159,981 thousand and KRW 159,981 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*2) KRW 156,541 thousand and KRW 156,541 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

(\*3) KRW 124,793 thousand and KRW 124,793 thousand reflected in the operating income of the unearned income have been excluded, respectively, during the current and prior periods.

### 34. EVENTS AFTER THE REPORTING PERIOD

The events after the reporting period that does not affect the financial statements as of December 31, 2022 are as follows:

(1) On March 13, 2023, the Board of Directors of the Company decided to issue convertible bonds amounting to KRW 23,100 million.