



## **LOTTE REIT IR**

2021. 3Q

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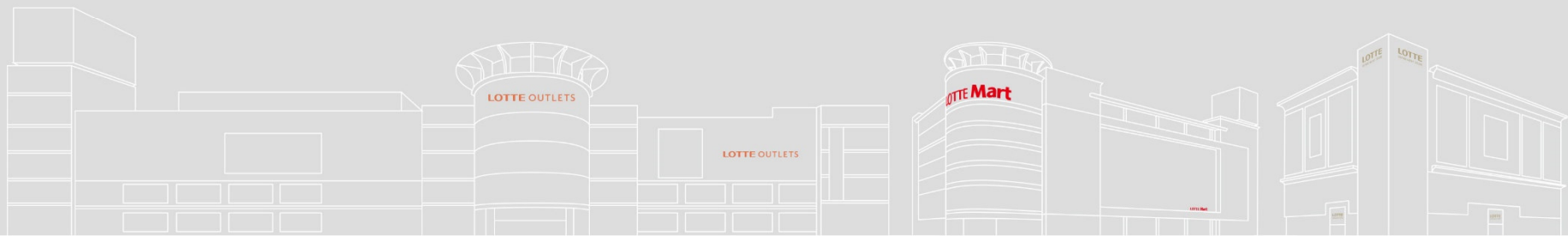
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## Grown to be Korea's largest listed REIT with biggest AUM

Value of Asset



2.3KRWtn

No. of Asset



14

Div. Yield<sup>1</sup> ('2020)



6.5%

Vacancy rate



0%

LTV<sup>2</sup>



48.8%

Avg. debt funding  
cost (FV)



2.05%

Credit rating (secured bond)



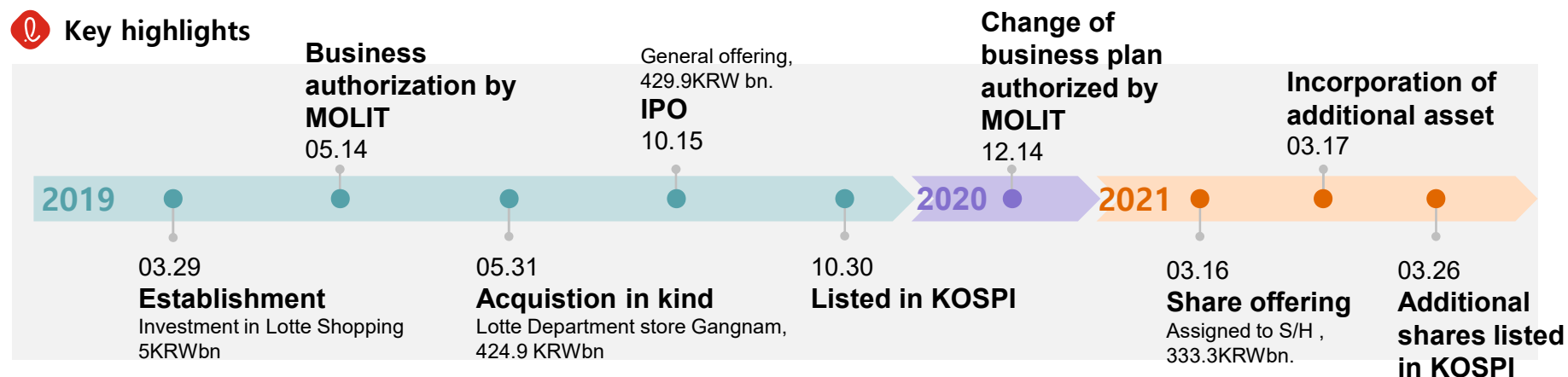
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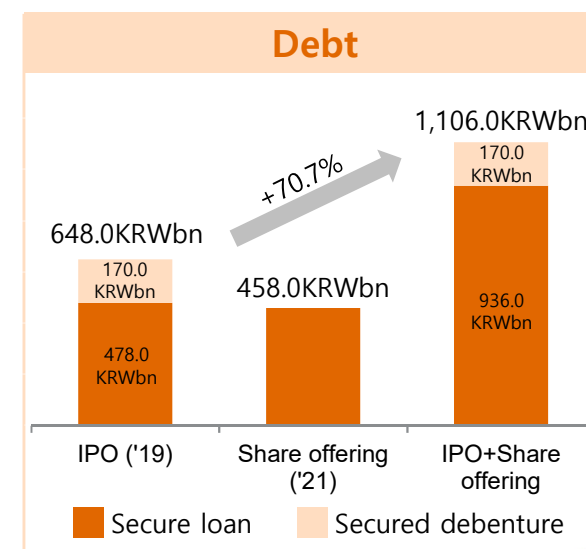
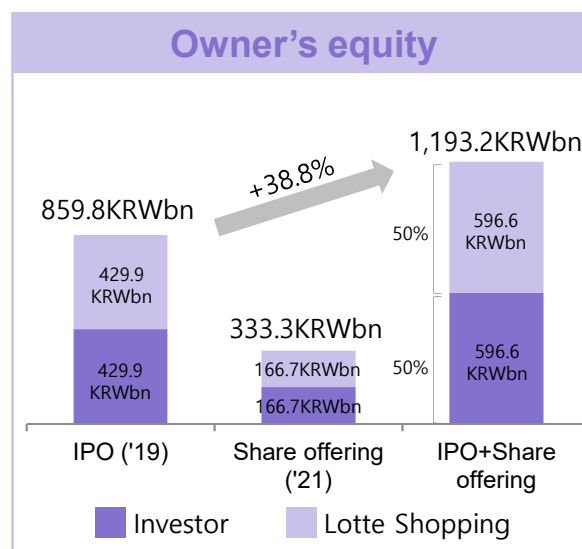
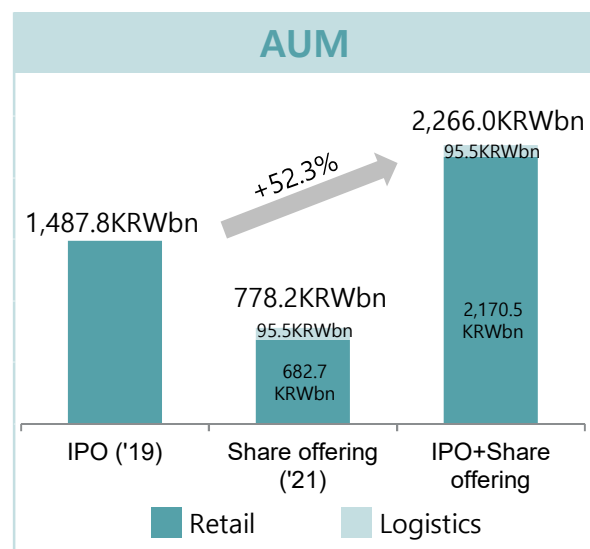
FTSE All Cap  
MSCI Small Cap  
S&P Global REIT etc.

Note: 1. Equity based dividend yield in '20.(Total dividend payment 55.6KRWbn / Equity 859.9KRWbn); 2. Excluding rent deposit

### Key highlights



### Investment overview



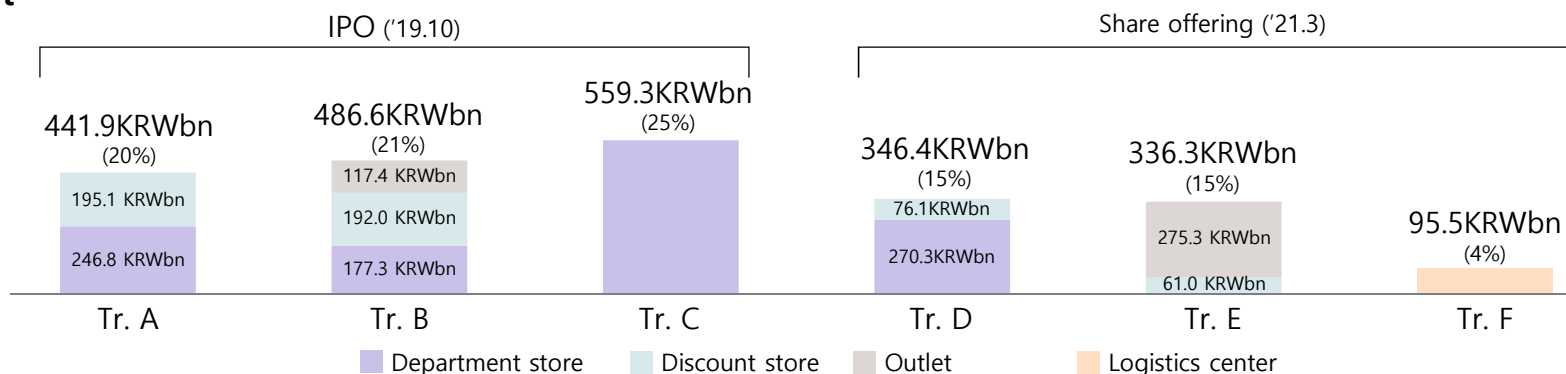
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## Lease status

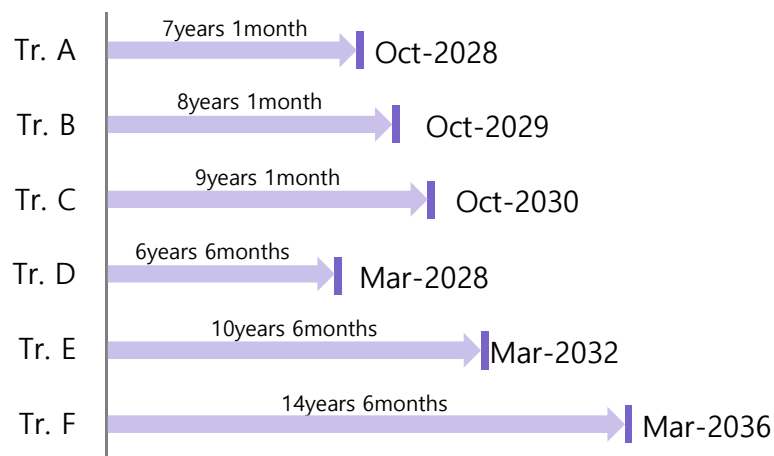


- Managed assets contracts are signed under Master Lease Agreement (100% Triple-net structure), constituted of 6 tranches.

### Asset



### Lease expiration<sup>1</sup>



Source: Company

Note: 1. Remaining lease period for each tranche (as of Aug 21); 2. Weighted average rent of each asset (Tr. A ~ C)

### Terms & conditions

	IPO	Raise in capital	
Asset type	Retail (Tr. A, B, C)	Retail (Tr. D, E)	Logistics center (Tr. F)
First year terms	5% of selling price <sup>2</sup>	<ul style="list-style-type: none"><li>• Fixed rent : 3.8% of selling price</li><li>• Variable rent : 0.45% of previous year sales revenue</li></ul>	4.5% of selling price
Annual Rent escalation	1.5% annum	Previous year CPI (Fixed)	
Maintenance cost	Triple net (Sponsor to pay or reimburse insurance fee, taxes, maintenance and repair expenses)		

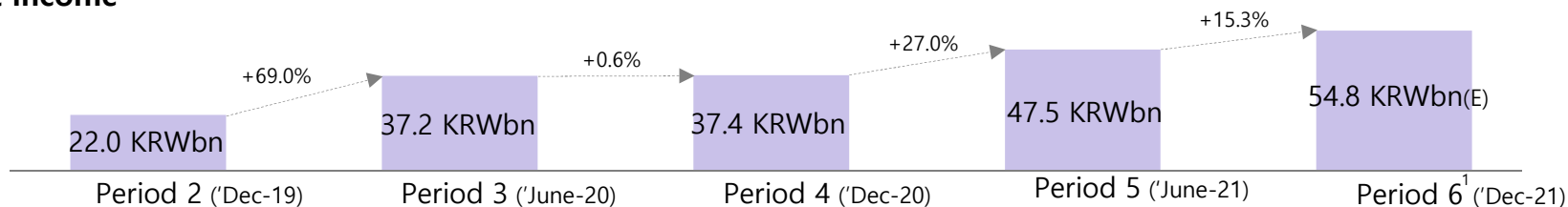
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## Operating performance

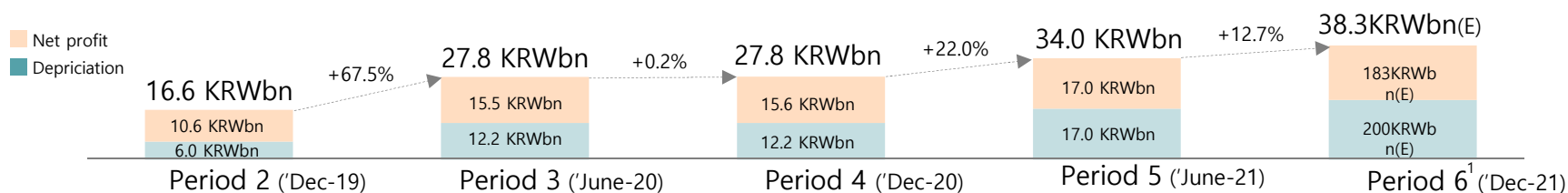


- Reserved strong dividend stability through maintaining dividend yield of over 6% after period 3.

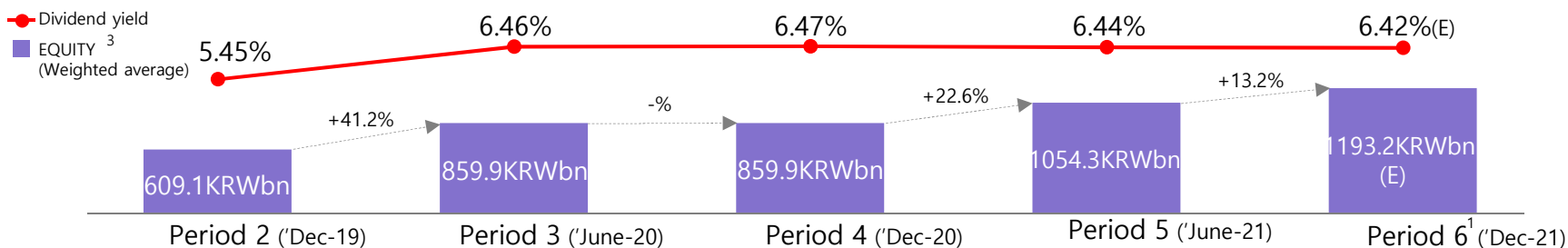
### Rent income



### Dividend



### Dividend yield<sup>2</sup>



Note: 1. Results may change as period 6 results are based on company expectation to be confirmed only after end of period.

2. Dividend yields are in annual terms and are based on equity after considering changes in no. of shares during the fiscal year. Total dividend payment / Equity;

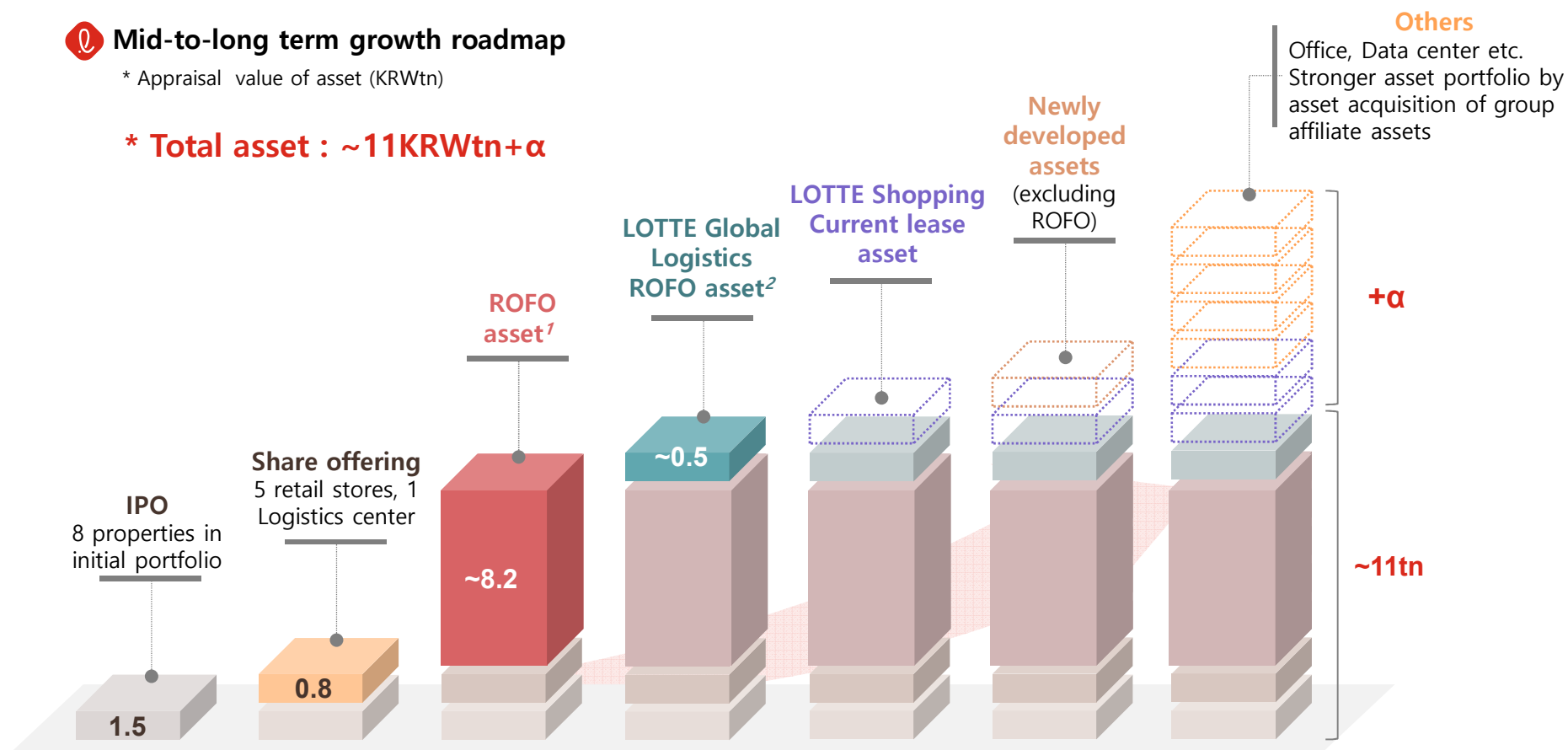
3. For changes in total equity due to events such share offering, each equity periods are applied weighted average method.

- Attempts to grow into a 'significant-scale global REIT' holding largest asset size through consistent asset injection.

### Mid-to-long term growth roadmap

\* Appraisal value of asset (KRWtn)

**\* Total asset : ~11KRWtn+α**



Source: Company

Note: 1. In case the company purchases entire ROFO assets of Lotte shopping. (2018 year-end book values);

2. In case the company purchases entire ROFO assets of Lotte Global Logistics, (assets in hold: 2019 year-end book values, Assets in construction: total investment value)





**LOTTE REIT**

Thank you

- 64.3% asset value of entire portfolio is located within the Seoul-metropolitan area.
- Minimized temporary lease expiration risk by categorizing lease contract periods into tranches.

14 properties

Asset size: 2266.0KRWbn

# IPO Portfolio asset

# Capital raise retail asset

# Capital raise Logistics asset

Existed portfolio assets  
Asset size: 1,487.8KRWbn

Newly acquired asset  
Asset size : 778.2KRWbn



① LOTTE Dept. Store Changwon Branch



② LOTTE Mart Uiwang Branch



③ LOTTE mart Jangyu Branch



⑨ Lotte Dep. Jungdong Branch



⑩ LOTTE Dep. Ansan Branch



④ LOTTE Dep. Guri Branch



⑤ LOTTE Mart SeoCheongju &amp; Outlet Cheongju Branch



⑥ LOTTE Mart &amp; LOTTE Outlet Yulha Branch



⑪ LOTTE Mart Keyang Branch



⑫ LOTTE premium outlet Icheon Branch



⑦ LOTTE Dep. Gangnam Branch



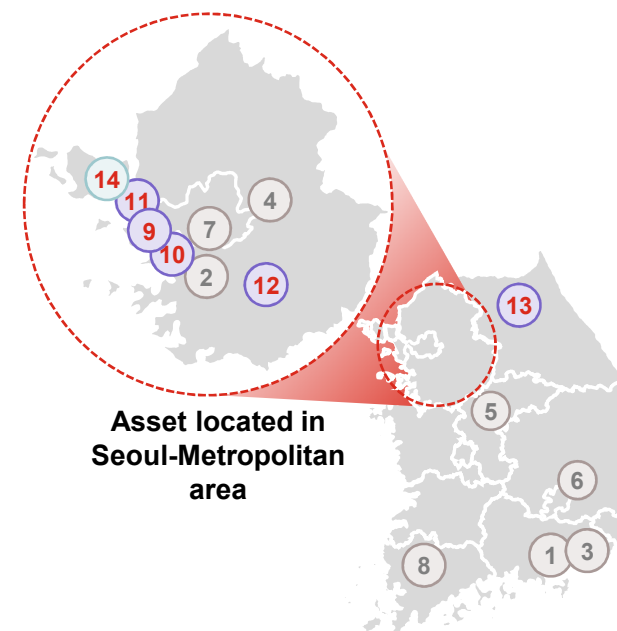
⑧ LOTTE Dep. Gwangju Branch



⑬ LOTTE Mart Chuncheon Branch



⑭ LOTTE Mart Mall Gimpo



Asset located in  
Seoul-Metropolitan  
area








(Unit: KRWbn)

Tranche	Asset	Remaining Lease period <sup>1</sup>	Acquisition cost
D	⑨ ⑩ ⑪	6 years	346.4
A	① ② ③	7 years	441.9
B	④ ⑤ ⑥	8 years	486.6
C	⑦ ⑧	9 years	559.3
E	⑫ ⑬	10 years	336.3
F	⑭	14 years	95.5

Source: Company  
Note: 1. As of Aug 2021

## Asset portfolio and Master Lease Agreement Structure

- AUM(Purchase price basis) Managing total of 14 asset under LOTTE Group with value of 2.3KRWtn.

	Tranche A			Tranche B		Tranche C	
(Unit: KRWbn)							
Properties							
	LOTTE Dep. Changwon Branch	LOTTE Mart Uiwang Branch	LOTTE Mart Jangyu Branch	LOTTE Dep. Guri Branch	LOTTE Mart SeoCheongju & Outlet Cheongju Branch	LOTTE Mart & Outlet Yulha Branch	LOTTE Dep. Gwanju Branch
Selling price	246.8	137.6	57.5	177.3	139.2	170.2	424.9
% of asset value		19.5%			21.5%		24.7%
Maturity (remaining)		9 years(7 years)			10years (8 years)		11 years (9 years)
Rent payment <sup>2</sup>		22.1			25.4		28.2
Key terms and conditions	<ul style="list-style-type: none"> <li>▪ Rent deposit: Equivalent to 12-month rent expense</li> <li>▪ Annual rent escalation: Fixed at 1.5% per annum</li> <li>▪ Triple-net structure: Sponsor to pay or reimburse insurance fee, taxes, maintenance and repair expenses</li> <li>▪ Renewal : Automatic renewal if tenant provides a written notice on time for lease extensions with terms that are at least favorable as existing terms.</li> </ul>						
GFA(3.3㎡)	42,646	11,156	11,748	23,979	24,672	30,484	20,407
Use approval date	Feb 2002	Jul 2002	Jul 2004	Mar 1998	Feb 2014	Dec 2010	Apr 1986

Source: Company

Note: 1. as of Aug 2021; 2. As of 2021

## Asset portfolio and Master Lease Agreement Structure

- AUM(Purchase price basis) Managing total of 14 asset under LOTTE Group with value of 2.3KRWtn.
- Incorporation of high-tech automated logistics center within Gimpo Gochon Logistics complex through share offering.

(Unit: KRWbn)

	Tranche D			Tranche E		Tranche F
Properties						
	LOTTE Dep. Jungdong Branch	LOTTE Dep. Ansan Branch	LOTTE Mart Keyang Branch	LOTTE Premium Outlet Icheon Branch	LOTTE Mart Chuncheon Branch	LOTTE Mart Mall Gimpo Logistics Center
Selling price	171.7	98.6	76.1	275.3	61.0	95.5
% of asset value		15.3%		14.8%		4.2%
Maturity (remaining <sup>1</sup> )		7years(6years)		11years(10years)		15years(14years)
Rent payment <sup>2</sup>		151		143		43
Key terms and conditions	<ul style="list-style-type: none"> <li>▪ Rent deposit: Equivalent to 12-month rent expense</li> <li>▪ First year rent: <ul style="list-style-type: none"> <li>– Tranche D &amp; E: Fixed rent 25.9KRWbn + Sales-related rent [0.45% of previous year sales revenue<sup>3</sup>] (cap rate: 4.5%)</li> <li>– Tranche F: Fixed rent 4.3KRWbn (cap rate: 4.7%)</li> </ul> </li> <li>▪ Escalation of Fixed rent : Take into account CPI YoY%</li> <li>▪ Triple-net structure: Sponsor to pay or reimburse insurance fee, taxes, maintenance and repair expenses</li> </ul>					
GFA(3.3m <sup>2</sup> )	28,259	16,603 <sup>4</sup>	17,581	55,718	12,272	9,338
Use approval date	Oct 1996	Oct 1992 <sup>5</sup> / Nov 2018 <sup>6</sup>	Jul 1998	Oct 2015	Aug 2011	Dec 2015

Source: Company

Note 1. As of Aug 2021; 2. As of 2021, as for the sales revenue-related rent of Tranche D & E assets, 2020 sales revenue is applied; 3. For direct purchase, purchase under special purchase or rent between party A & B: in case of party A = total sales revenue, party B = rent expense; 4. Total area of old & new building; 5. Completion date of old building; 6. Completion date of new building