

IMPORTANT NOTICE

THE SECURITIES DESCRIBED HEREIN ARE AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATION S (AS DEFINED BELOW)

IMPORTANT: You must read the following before continuing. If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the offering circular following this page (the “Offering Circular”), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES DESCRIBED HEREIN MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

IF THE PRICING SUPPLEMENT IN RESPECT OF ANY NOTES INCLUDES A LEGEND ENTITLED “PROHIBITION OF SALES TO EEA RETAIL INVESTORS,” THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO, AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO, ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (“EEA”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED, THE “INSURANCE DISTRIBUTION DIRECTIVE”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (AS AMENDED, THE “PROSPECTUS REGULATION”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

IF THE PRICING SUPPLEMENT IN RESPECT OF ANY NOTES INCLUDES A LEGEND ENTITLED “PROHIBITION OF SALES TO UK RETAIL INVESTORS”, THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE UNITED KINGDOM (“UK”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) NO 2017/565 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (“EUWA”); (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE UK FINANCIAL SERVICES AND MARKETS ACT 2000 (THE “FSMA”) AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT, AS DEFINED IN POINT (8) OF ARTICLE 2(1) OF REGULATION (EU) NO 600/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 AS IT FORMS PART OF DOMESTIC LAW BY VIRTUE OF THE EUWA (THE “UK PRIIPS REGULATION”) FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE UK MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

THE PRICING SUPPLEMENT IN RESPECT OF ANY NOTES MAY INCLUDE A LEGEND ENTITLED “MIFID II PRODUCT GOVERNANCE” WHICH WILL OUTLINE THE TARGET MARKET IN RESPECT OF THE NOTES AND WHICH CHANNELS FOR DISTRIBUTION OF THE NOTES ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A “DISTRIBUTOR”) SHOULD TAKE INTO CONSIDERATION SUCH TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

A DETERMINATION WILL BE MADE IN RELATION TO EACH ISSUE ABOUT WHETHER, FOR THE PURPOSE OF THE MIFID PRODUCT GOVERNANCE RULES UNDER EU DELEGATED DIRECTIVE 2017/593 (THE “MIFID PRODUCT GOVERNANCE RULES”), ANY DEALER SUBSCRIBING FOR ANY NOTES IS A MANUFACTURER IN RESPECT OF SUCH NOTES, BUT OTHERWISE NEITHER THE ARRANGER NOR THE DEALERS NOR ANY OF THEIR RESPECTIVE AFFILIATES WILL BE A MANUFACTURER FOR THE PURPOSE OF THE MIFID PRODUCT GOVERNANCE RULES.

THE PRICING SUPPLEMENT IN RESPECT OF ANY NOTES MAY INCLUDE A LEGEND ENTITLED “UK MIFIR PRODUCT GOVERNANCE” WHICH WILL OUTLINE THE TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES AND WHICH CHANNELS FOR DISTRIBUTION OF THE NOTES ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE NOTES (A “DISTRIBUTOR”) SHOULD TAKE INTO CONSIDERATION THE TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE “UK MIFIR PRODUCT GOVERNANCE RULES”) IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE NOTES (BY EITHER ADOPTING OR REFINING THE TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

A DETERMINATION WILL BE MADE IN RELATION TO EACH ISSUE ABOUT WHETHER, FOR THE PURPOSE OF THE UK MIFIR PRODUCT GOVERNANCE RULES, ANY DEALER SUBSCRIBING FOR ANY NOTES IS A MANUFACTURER IN RESPECT OF SUCH NOTES, BUT OTHERWISE NEITHER THE ARRANGER NOR THE DEALERS NOR ANY OF THEIR RESPECTIVE AFFILIATES WILL BE A MANUFACTURER FOR THE PURPOSE OF THE UK MIFIR PRODUCT GOVERNANCE RULES.

THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON, IN WHOLE OR IN PART, ELECTRONICALLY OR OTHERWISE AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

ANY INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THE FINAL TERMS AND CONDITIONS OF THE RELEVANT SECURITIES AND THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR THAT WILL BE DISTRIBUTED TO YOU PRIOR TO THE CLOSING DATE AND NOT ON THE BASIS OF THE OFFERING CIRCULAR ALONE. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE THE SECURITIES DESCRIBED THEREIN.

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities described herein, investors must not be located in the United States or be a non-U.S. person in reliance on Regulation S under the Securities Act. The Offering Circular is being sent at your request and by accepting the e-mail and accessing the Offering Circular, you shall be deemed to have represented to the Issuer, the Arranger and the Dealers (each as described in the Offering Circular) that you and any customers you represent are non-U.S. persons (as defined in Regulation S under the Securities Act) and that the electronic mail address to which this e-mail has been delivered is not located in the United States, its territories or possessions and that you consent to delivery of such Offering Circular by electronic transmission.

Important Notice to Prospective Investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct

Prospective investors should be aware that certain intermediaries in the context of certain offerings of the Notes (as defined in this Offering Circular) pursuant to the Program (as defined in this Offering Circular), each such offering, a “CMI Offering”, including certain Dealers, may be “capital market intermediaries” (“CMIs”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “SFC Code”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“OCs”) for a CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (an “Association”) with the Issuer, the CMI or the relevant group company. Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Notes and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to the relevant CMI Offering, such order is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). A rebate may be offered by the Issuer to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of the relevant CMI Offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMIs otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate. Details of any such rebate will be set out in the applicable Pricing Supplement or otherwise notified to prospective investors. If a prospective investor is an asset management arm affiliated with any relevant Dealer, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Dealer or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any relevant Dealer, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Dealer when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to the relevant CMI Offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to the relevant CMI Offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Dealer and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. Failure to provide such information may result in that order being rejected.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorized to, deliver or disclose the contents of the Offering Circular to any other person.

The materials relating to the issue of the securities described herein do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any Dealer or any affiliate of such Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the issuer in such jurisdiction.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Arranger nor any Dealer nor any person who controls any of them nor any director, officer, employee nor agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Arranger.

You should not reply by e-mail to this distribution, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk, and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



Korea Land & Housing Corporation

(a statutory juridical corporation organized under the laws of the Republic of Korea)

US\$5,000,000,000

Global Medium Term Note Program

Under this US\$5,000,000,000 Global Medium Term Note Program (the “Program”), Korea Land & Housing Corporation (the “Issuer”) may from time to time issue notes (the “Notes”) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The Notes may be issued in bearer or registered form (respectively “Bearer Notes” and “Registered Notes”). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Program will not exceed US\$5,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “Summary” and any additional Dealer appointed under the Program from time to time by the Issuer (each, a “Dealer” and together, the “Dealers”), which appointment may be for a specific issue or on an ongoing basis. References in this offering circular (the “Offering Circular”) to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “Singapore Stock Exchange”) in connection with the Program and application will be made for the listing and quotation of Notes that may be issued pursuant to the Program and which are agreed, at or prior to the time of issue thereof, to be so listed and quoted on the Singapore Stock Exchange. Such permission will be granted when such Notes have been admitted for listing and quotation on the Singapore Stock Exchange. The Singapore Stock Exchange assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of any Notes on, the Singapore Stock Exchange are not to be taken as an indication of the merits of the Issuer, the Program or the Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under “Terms and Conditions of the Notes”) of Notes will be set out in a pricing supplement (the “Pricing Supplement”).

The Program provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes.

Investing in the Notes involves certain risks that are described in the “Risk Factors” section beginning on page 65 of the Offering Circular.

The Notes of each Series (as defined under “Terms and Conditions of the Notes”) will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and will be issued only outside the United States to non-U.S. persons in reliance on the exemption from registration provided by Regulation S under the Securities Act. See “Form of the Notes” for a description of the manner in which Notes will be issued. Notes are subject to certain restrictions on transfer. See “Subscription and Sale and Transfer and Selling Restrictions.”

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and U.S. Treasury regulations.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein.

Arranger

Citigroup

Dealers

BNP PARIBAS

Crédit Agricole CIB

NOMURA

Standard Chartered Bank

Citigroup

HSBC

Société Générale Corporate & Investment Banking

UBS

The date of the Offering Circular is October 7, 2024.

The Issuer, having made all reasonable enquiries, confirms that the Offering Circular contains or incorporates all information which is material in the context of the issue and offering of Notes, that the information contained or incorporated by reference in the Offering Circular is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in the Offering Circular are honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions and that there are no other facts the omission of which would, in the context of the issue and offering of Notes, make the Offering Circular as a whole or any information or the expression of any opinions or intentions in the Offering Circular misleading in any material respect. The Issuer accepts responsibility accordingly.

The Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). The Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of the Offering Circular.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Arranger and the Dealers as to the accuracy or completeness of the information contained or incorporated by reference in the Offering Circular or any other information provided by the Issuer in connection with the Program, the Issuer or the issue and offering of the Notes. None of the Arranger and the Dealers accepts any liability in relation to the information contained or incorporated by reference in the Offering Circular or any other information provided or purported to be provided by any of the Arranger and the Dealers on its behalf or by the Issuer in connection with the Program, the Issuer or the issue or offering of the Notes. The Arranger and the Dealers accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of the Offering Circular or any such information or statement.

No person is or has been authorized by the Issuer to give any information or to make any representation which is not contained in or which is not consistent with the Offering Circular or any other information supplied by or on behalf of the Issuer in connection with the Program or the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer or any of Arranger and the Dealers.

Neither the Offering Circular nor any other information supplied in connection with the Program or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuer or any of the Arranger and the Dealers that any recipient of the Offering Circular or any other information supplied in connection with the Program or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither the Offering Circular nor any other information supplied in connection with the Program or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Arranger or the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of the Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Program is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Program or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference in the Offering Circular when deciding whether or not to purchase any Notes.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and the regulations promulgated thereunder.

The Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of the Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. Neither the Issuer nor any of the Arranger or the Dealers represents that the Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger or the Dealers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither the Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions on the distribution of the Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of the Offering Circular and the offer or sale of Notes in the United States, the European Economic Area, the United Kingdom, Switzerland, Korea, Japan, Singapore and Hong Kong. See “*Subscription and Sale and Transfer and Selling Restrictions.*”

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved the Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in the Offering Circular. Any representation to the contrary is unlawful.

None of the Arranger, the Dealers or the Issuer makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the “SFA”) – Unless otherwise stated in the Pricing Supplement in respect of any Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes to be issued under the Program shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO PERSONS IN THE UNITED KINGDOM

This communication is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). Any Notes will only be available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

KOREAN SELLING RESTRICTIONS

The Notes have not been and will not be registered under the Financial Investment Services and Capital Markets Act of Korea. The Notes have not been and will not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transactions Law of Korea and its Enforcement Decree), or to any other person for reoffering, resale or re-delivery, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted by applicable Korean laws and regulations.

IMPORTANT – EEA RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors,” the Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS

If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors,” the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the UK Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

CERTAIN DEFINED TERMS AND CONVENTIONS

All references herein to “Korea” are to the Republic of Korea, and all references herein to the “Government” are to the Government of the Republic of Korea, all references herein to “MOLIT” are to the Ministry of Land, Infrastructure and Transport and its predecessors and successors, and all references herein to “MOEF” are to the Ministry of Economy and Finance and its predecessors. All references to the “Issuer” herein are references to Korea Land & Housing Corporation and, as the context may require, its subsidiaries.

All references herein to “U.S. dollars” and “US\$” refer to the currency of the United States of America, all references herein to “Won” and “₩” refer to the currency of Korea, all references herein to “€” or “Euro” refer to the uniform currency of the European Union, all references herein to “£” refer to the currency of the United Kingdom, and all references herein to “S\$” refer to the currency of Singapore.

Any discrepancies in any table between totals and sums of the amounts listed are due to rounding. The Issuer maintains its accounts in Won. The Offering Circular contains translations of certain Won amounts into U.S. dollars at specified rates solely for the convenience of the reader. These translations should not be construed as representations that the Won amounts actually represent such U.S. dollar amounts or could have been or could be converted into U.S. dollars at any particular rate, or at all. On October 4, 2024, the market average exchange rate announced by Seoul Money Brokerage Services, Ltd. in Seoul (the “Market Average Exchange Rate”) was Won 1,320.1 = US\$1.00. See “Exchange Rates.”

Information regarding market position, growth rates and other industry data pertaining to the Issuer's business used throughout the Offering Circular has been compiled from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while the Issuer believes them to be reliable, have not been independently verified, and neither the Issuer nor the Arranger or the Dealers make any representation as to the accuracy of that information.

FORWARD LOOKING STATEMENTS

Certain statements in the Offering Circular constitute "forward-looking statements," including statements regarding the Issuer's expectations and projections for future operating performance and business prospects. The words "believe," "expect," "anticipate," "estimate," "project," "will," "aim," "will likely result," "will continue," "intend," "plan," "contemplate," "seek to," "future," "objective," "goal," "should," "will pursue" and similar expressions or variations of these expressions identify forward-looking statements. In addition, all statements other than statements of historical facts included in the Offering Circular, including, without limitation, those regarding the Issuer's financial position and results, business strategy, plans and objectives of management for future operations, including development plans and objectives relating to the Issuer's products and services, are forward-looking statements. Such forward-looking statements and any other projections contained in the Offering Circular (whether made by the Issuer or any third party) involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by forward-looking statements. Such forward-looking statements are based on current beliefs, assumptions, expectations, estimates and projections regarding the Issuer's present and future business strategies and the environment in which the Issuer will operate in the future. Among the important factors that could cause some or all of those assumptions not to occur or cause the Issuer's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among other things, changes in Government policy or regulation, the Issuer's ability to successfully implement its business strategy, the condition of and changes in the Korean, Asian or global economies, the Issuer's growth and expansion and changes in interest rates. Additional factors that could cause the Issuer's actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "*Risk Factors*." Any forward-looking statements contained in the Offering Circular speak only as of the date of the Offering Circular. Each of the Issuer, the Arranger and the Dealers expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any such statement was based.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a corporation organized under the laws of Korea. All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of the Issuer and its officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Korea upon the Issuer or such persons, or to enforce judgments against them obtained in courts outside Korea predicated upon civil liabilities of the Issuer or its directors and officers under laws other than Korean law, including any judgment predicated upon United States federal securities laws. The Issuer has been advised by Shin & Kim LLC, its counsel as to matters of Korean law, that there is doubt as to the enforceability in Korea in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Issuer's audited consolidated financial statements as of and for the years ended December 31, 2023, 2022 and 2021 and the Issuer's reviewed consolidated financial statements as of June 30, 2024 and for the six months ended June 30, 2024 and 2023 included in the Offering Circular have been prepared in accordance with Government Accounting Standards for Public Enterprises and Quasi-government Organizations of the Republic of Korea ("Government Accounting Standards"), and where accounting provisions have not been specified under Government Accounting Standards, the Issuer has also applied International Financial Reporting Standards as adopted by the Republic of Korea ("K-IFRS") as allowed under Government Accounting Standards.

Such accounting standards differ in certain respects from International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Potential investors must exercise caution when using such data to evaluate the Issuer's financial condition and results of operations. In making an investment decision, investors must rely upon their own independent examination of the Issuer, the terms of this offering, including the risks involved, and the most recent financial information of the Issuer. Potential investors should consult their own professional advisers for an understanding of the differences between Government Accounting Standards and K-IFRS on one hand and IFRS as issued by the IASB on the other hand, and how these differences affect the financial information contained in the Offering Circular. The Offering Circular should not be considered as a recommendation by any of the Dealers that any recipient of the Offering Circular should purchase the Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, the Offering Circular:

- (a) the publicly available audited consolidated financial statements and the reviewed consolidated financial statements (if any) of the Issuer for the most recent financial period; see "*General Information*" for a description of the financial statements currently regularly published by the Issuer; and
- (b) all supplements or amendments to the Offering Circular circulated by the Issuer from time to time,

except that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of the Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the Offering Circular.

The Issuer will provide, without charge, to each person to whom a copy of the Offering Circular has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its registered office set out at the end of the Offering Circular.

If the terms of the Program are modified or amended in a manner which would make the Offering Circular, as so modified or amended, inaccurate or misleading, a new offering circular will be prepared.

The documents incorporated herein by reference constitute an integral part of the Offering Circular and contain certain material information regarding the Issuer and the securities offered hereby. You represent and warrant to the Arranger, the Dealers and the Issuer that you have examined those documents as well as the Offering Circular in forming your investment decision.

GENERAL DESCRIPTION OF THE PROGRAM

Under the Program, the Issuer may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Program and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Arranger and Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under “*Form of the Notes*” below.

The Offering Circular and any supplement will only be valid for the offering of Notes in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Program, does not exceed US\$5,000,000,000 or its equivalent in other currencies. For the purpose of calculating the U.S. dollar equivalent of the aggregate nominal amount of Notes issued under the Program from time to time:

- (a) the U.S. dollar equivalent of Notes denominated in another Specified Currency (as specified in the applicable Pricing Supplement in relation to the Notes, described under “*Form of the Notes*”) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the U.S. dollar against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;
- (b) the U.S. dollar equivalent of Dual Currency Notes and Partly Paid Notes (each as specified in the applicable Pricing Supplement in relation to the Notes, described under “*Form of the Notes*”) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the U.S. dollar equivalent of Zero Coupon Notes (as specified in the applicable Pricing Supplement in relation to the Notes, described under “*Form of the Notes*”) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

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In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilizing Manager(s) (or person(s) acting on behalf of any Stabilizing Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager(s) (or person(s) acting on behalf of the Stabilizing Managers) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilization action or over-allotment must be conducted by the relevant Stabilizing Manager(s) (or person(s) acting on behalf of any Stabilizing Manager(s)) in accordance with all applicable laws and rules.

SUMMARY

The Issuer

The Issuer was established on October 1, 2009 following a merger between Korea National Housing Corporation (“KNHC”) and Korea Land Corporation (“KLC”) for the purposes of procurement, development, stockpiling and supply of land, the development and maintenance of cities and the construction, supply and maintenance of housing, with the intention of enhancing housing quality for Korean citizens and promoting efficient land use. The Issuer is a statutory juridical entity of unlimited duration established under the Korea Land and Housing Corporation Act (“LH Act”) and is the principal instrumentality of the Government for execution of its housing and land related policies. As a Government-controlled entity charged with carrying out public policy objectives, the Issuer does not seek to maximize profits but to maintain an overall level of profitability that would enable the Issuer to conduct its ongoing businesses and maintain its equity base while meeting its financial obligations and making requisite capital expenditures.

The Issuer is primarily engaged in land, housing and urban development projects, as well as ancillary activities related to the foregoing, including those mandated by the Government to promote the welfare of young people, newlyweds, the elderly and low-income households and balanced development of national territory. The Issuer divides its operations into the following business segments for accounting purposes: (i) public housing, which involves development, construction, and sale of housing units to young people, newlyweds, the elderly and low-income households; (ii) industrial development complex, which involves development, construction, sale and lease of industrial complexes; (iii) public housing management, which involves leasing of rental housing units, which have been constructed, purchased or leased, to young people, newlyweds, the elderly and low-income households; (iv) multifunctional administrative city, which involves the development of Sejong Special Self-Governing City, the multifunctional administrative capital of Korea, and development, construction, sale and leasing of related residential and commercial units; (v) urban development projects, which involve development of Innovation Cities to which select government agencies and headquarters of certain Government-controlled enterprises have been relocated; (vi) land bank, which involves procurement of land for public projects and market-making activities designed to facilitate balanced supply of and demand for land in Korea; and (vii) “others,” which represents the largest business segment in terms of revenue and primarily consists of development of large-scale residential and commercial clusters known as “New Cities,” development of residential land sites and development of Free Economic Zones designed to attract foreign capital and investment, among other projects. Segregated accounting is statutorily required for the five business segments described in (i) through (v).

Korea is a densely populated industrialized country, and per capita land available for urban development in Korea is limited. While the Seoul metropolitan area accounts for approximately half of the total population of Korea based on a Government population census conducted by the Statistics Korea in 2020, this area represents approximately only 12% of the total land available in Korea. The Government views balanced development and supply of housing to be critical to the promotion of public welfare and to the continued economic growth and development of Korea. The Issuer’s businesses are intended to achieve the Government’s policy objectives of increasing the stable supply of affordable housing throughout the nation, and in particular, in the Seoul metropolitan area, as well as balanced territorial development of national land and urban centers.

The Issuer’s land development projects are usually large-scale projects involving local municipalities and other governmental agencies or private companies. As of December 31, 2023, the Issuer had land and housing development projects in 337 districts in Korea spanning an area of 419.7km². Of such projects, the Issuer had 68,254 public housing units in 125 districts under construction as of December 31, 2023. Since the establishment of KNHC in 1962, the Issuer has supplied millions of public housing units, including large-scale residential areas in Gwacheon and Pangyo in Gyeonggi-do, Banpo and Jamsil in Seoul and Sejong city, for sale or lease primarily to young people, newlyweds, the elderly and low-income households to serve its public policy objectives.

The Issuer is the largest Government-controlled enterprise in Korea in terms of total assets and revenue as of and for the six months ended June 30, 2024. Since the Issuer does not seek to maximize profit but to serve public policy objectives, the Issuer is entitled to and receives various financial and other subsidies from the Government, including capital contributions, low-cost public funding, loss compensation for certain eligible projects (with the Issuer's public housing management representing the main source of loss), favorable dividend policy, favorable construction cost assessment, direct subsidies, tax benefits and eligibility for Government guarantees for financial obligations, among others. See *"Relationship with the Government – Government Support."*

In 2021, 2022 and 2023, the Issuer generated sales of Won 27,346 billion, Won 19,626 billion and Won 13,884 billion, respectively, and operating profit of Won 5,649 billion, Won 1,813 billion and Won 44 billion, respectively. In the first halves of 2023 and 2024, the Issuer generated sales of Won 5,323 billion and Won 9,570 billion, respectively, and operating loss of Won 316 billion and operating profit of Won 557 billion. As of December 31, 2023 and June 30, 2024, the Issuer had total assets of Won 222,857 billion and Won 225,262 billion, respectively, and total equity of Won 70,010 billion and Won 72,911 billion, respectively.

The Program

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of the Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” below shall have the same meanings in this summary.

Issuer	Korea Land & Housing Corporation (Legal Entity Identifier: 9884009ZN0XE8VIPAC02)
Description	Global Medium Term Note Program
Arranger	Citigroup Global Markets Limited
Dealers	BNP Paribas, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, The Hongkong and Shanghai Banking Corporation Limited, Nomura Singapore Limited, Société Générale, Standard Chartered Bank and UBS AG Hong Kong Branch
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “<i>Subscription and Sale and Transfer and Selling Restrictions</i>”) including the following restrictions applicable at the date of the Offering Circular. Notes having a maturity of less than one year from the date of issue will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent. See “<i>Subscription and Sale and Transfer and Selling Restrictions</i>.”
Fiscal Agent	Citicorp International Limited
Principal Paying Agent, Calculation Agent, Registrar, Paying Agent and Transfer Agent	Citibank, N.A., London Branch
Program Size	Up to US\$5,000,000,000 (or its equivalent in other currencies calculated as described under “General Description of the Program”) outstanding at any time. The Issuer may increase the amount of the Program in accordance with the terms of the Program Agreement.
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies	Subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Redenomination	The applicable Pricing Supplement may provide that certain Notes may be redenominated in Euro (to the extent permitted under the applicable Korean laws and regulations). The relevant provisions applicable to any such redenomination are contained in Condition 5 (<i>Redenomination</i>).
Maturities	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price	The Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes</i> .” Registered Notes will not be exchangeable for Bearer Notes and vice versa.
Fixed Rate Notes	Fixed Rate Notes will bear interest payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes.	Floating Rate Notes will bear interest at a rate determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. In the event of the discontinuation of a reference rate applicable to a Series of Floating Rate Notes specified in the applicable Pricing Supplement, an alternative rate will be determined in the manner described in Conditions 6(b)(vii) or (viii) of the Terms and Conditions of the Notes.

Other Provisions in Relation to Floating Rate Notes	Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.
Zero Coupon Notes	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest other than in the case of late payment.
Redemption	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified installments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be set forth in the applicable Pricing Supplement. The applicable Pricing Supplement may provide that Notes may be redeemable in two or more installments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.
Change of Control Redemption . . .	The Notes will be redeemable at the option of the Noteholders, in all or in part, upon the occurrence of a Change of Control at 100% of their principal amount, together with accrued and unpaid interest, if any, to but excluding the Change of Control Put Date (as defined herein). See “<i>Terms and Conditions of the Notes – Redemption and Purchase – Change of Control Redemption.</i>”
Denomination of Notes	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer except that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.
Taxation	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction (as defined in Condition 10 (<i>Taxation</i>)), subject as provided in Condition 10 (<i>Taxation</i>). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 10 (<i>Taxation</i>), be required to pay additional amounts to cover the amounts so deducted.

Certain Covenants	The terms of the Notes will contain limitations on liens, consolidation, merger and sale of assets, sale and leaseback transactions and certain other covenants, as further described in Condition 4 (<i>Certain Covenants</i>).
Cross-acceleration	The terms of the Notes will contain a cross-acceleration provision as further described in Condition 12 (<i>Events of Default</i>).
Status of the Notes	The Notes will constitute direct, unconditional, unsubordinated and, subject to the provisions of Condition 4 (<i>Certain Covenants</i>), unsecured obligations of the Issuer and will rank pari passu among themselves and (except for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Listing	Approval in-principle has been received from the Singapore Stock Exchange in connection with the Program and application will be made for the listing and quotation of Notes that may be issued pursuant to the Program and which are agreed, at or prior to the time of issue thereof, to be so listed and quoted on the Singapore Stock Exchange. Such permission will be granted when such Notes have been admitted for listing and quotation on the Singapore Stock Exchange. The Singapore Stock Exchange assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of any Notes on, the Singapore Stock Exchange are not to be taken as an indication of the merits of the Issuer, the Program or the Notes. For so long as any Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, such Notes, if traded on the Singapore Stock Exchange, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series or Tranche. Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
Governing Law	The Notes will be governed by, and construed in accordance with, New York law.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, the United Kingdom, Switzerland, Korea, Japan, Singapore, Hong Kong and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes. See “ <i>Subscription and Sale and Transfer and Selling Restrictions</i> .”

FORM OF THE NOTES

This section includes provisions applicable to Rule 144A Global Notes and Definitive IAI Registered Notes in case the Program and the related offering circular are amended to permit such notes to be issued under the Program. The Notes offered or sold pursuant to the Offering Circular may be offered and sold only to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended.

Certain capitalized terms used herein are defined in the “*Terms and Conditions of the Notes.*” Any reference herein to Euroclear Bank S.A./N.V. (“Euroclear”) and/or Clearstream Banking S.A. (“Clearstream”) and/or Depositary Trust Company (“DTC”) shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system in the applicable Pricing Supplement.

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or another available exemption from the registration requirements of the Securities Act. Bearer Notes will also be subject to U.S. tax restrictions described below.

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of either a temporary bearer global note (a “Temporary Bearer Global Note”) or a permanent bearer global note (“Permanent Bearer Global Note”) and together with Temporary Bearer Global Note, the “Bearer Global Notes”) as indicated in the applicable Pricing Supplement, which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the “Common Depositary”) for Euroclear and Clearstream. Bearer Notes issued under the TEFRA D Rules will be initially issued in the form of Temporary Bearer Global Note. While any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form annexed to the Agency Agreement) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream and Euroclear and/or Clearstream, as applicable, has given a similar certification (based on the certifications it has received) to the Principal Paying Agent, as required by U.S. Treasury Regulations.

From the date (the “Exchange Date”) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) by the Noteholder either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given. Definitive Bearer Notes will only be delivered outside the United States. The holder of an interest in a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the interest in the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days’ written notice from Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (ii) only upon the occurrence

of an Exchange Event. For these purposes, “Exchange Event” means that (i) an Event of Default (as defined in Condition 12 (*Events of Default*)) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note in definitive form. For so long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, in the event that the Bearer Global Note is exchanged for definitive Bearer Notes, the Issuer will appoint and maintain a Paying Agent in Singapore where the definitive Bearer Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Bearer Global Note is exchanged for definitive Bearer Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the Singapore Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive Bearer Notes, including details of the Paying Agent in Singapore. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have a maturity of more than 365 days (including unilateral rollovers and extensions) and on all talons, receipts and interest coupons relating to such Notes:

“ANY U.S. PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that U.S. holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, as the case may be.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a “Regulation S Global Note”). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person except as otherwise provided in Condition 2 (*Transfers of Registered Notes*) and may not be held otherwise than through Euroclear or Clearstream and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions (i) to “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (“QIBs”) or (ii) to “accredited investors” (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions (“Institutional Accredited Investors”) who agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a “Rule 144A Global Note” and, together with a Regulation S Global Note, the “Registered Global Notes”).

Registered Global Notes will either (i) be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of its participants, including Euroclear and Clearstream or (ii) be deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form. Unless otherwise stated in the applicable Pricing Supplement, the minimum denomination of each Global Note shall be €100,000 or its approximate equivalent in other Specified Currencies.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (“Definitive IAI Registered Notes”). Unless otherwise set forth in the applicable Pricing Supplement, Definitive IAI Registered Notes will be issued only in minimum denominations of US\$500,000 and integral multiples of US\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “*Subscription and Sale and Transfer and Selling Restrictions.*” Institutional Accredited Investors that hold Definitive IAI Registered Notes may elect to hold such Notes through DTC, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144 under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under “*Subscription and Sale and Transfer and Selling Restrictions.*” The Rule 144A Global Note and the Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provisions to the contrary, be made to the person shown on the Register (as defined in Condition 8(d) (*Payments – Payments in Respect of Registered Notes*)) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent, Transfer Agent, or Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 8(d) (*Payments – Payments in Respect of Registered Notes*)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes only upon the occurrence of an Exchange Event. For these purposes, “Exchange Event” means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (iii) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and Clearstream, the Issuer has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. For so long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, in the event that the Registered Global Note is exchanged for definitive Registered Notes, the Issuer will appoint and maintain a Paying Agent in Singapore where the definitive Registered Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Registered Global Note is exchanged for definitive Registered Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the Singapore Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive Registered Notes, including details of the Paying Agent in Singapore. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions. See “*Subscription and Sale and Transfer and Selling Restrictions*.”

General

Pursuant to the Agency Agreement, the Principal Paying Agent or the Registrar, as the case may be, shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a Common Code and ISIN and, where applicable, a CUSIP and CINS number which are different from the Common Code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche and, for Bearer Notes subject to the certification requirements under U.S. Treasury regulations, until at least the Notes represented by interests in a temporary Global Note are exchanged for Notes represented by an interest in a permanent Global Note or for definitive Bearer Notes.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or of Clearstream as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC’s published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Any reference herein to Euroclear and/or Clearstream and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 12 (*Events of Default*). In such circumstances, where any Registered Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver Definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC’s standard operating procedures.

For so long as the Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, in the event that the Global Note is exchanged for definitive Notes, the Issuer will appoint and maintain a Paying Agent in Singapore where the definitive Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Global Note is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the Singapore Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the Paying Agent in Singapore.

Form of Applicable Pricing Supplement

[IMPORTANT – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]¹

[IMPORTANT – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]²

[MiFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “MiFID II”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties as defined in the FCA Handbook Conduct of Business Sourcebook (“COBS”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

¹ Legend to be included on front of the Pricing Supplement if the Notes potentially constitute “packaged” products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

² Legend to be included unless the Final Terms for an offer of Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”.

[To be inserted if the Notes will be offered to investors in Singapore]

[Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the “SFA”)] – the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products [OR] capital markets products other than prescribed capital markets products]* (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and [Excluded Investment Products [OR] Specified Investment Products]* (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).] ***[*To delete accordingly]***

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Program.

[Date]

Korea Land & Housing Corporation

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the US\$5,000,000,000
Global Medium Term Note Program**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “Conditions”) set forth in the offering circular dated October 7, 2024 (the “Program Offering Circular” and, together with this Pricing Supplement, the “Offering Circular”). This Pricing Supplement is supplemental to and must be read in conjunction with the Program Offering Circular.

[The following alternative language applies in the case of a re-opening whereby a new tranche of Notes is being issued to be consolidated and form a single series of existing Notes issued at an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes (the “Conditions”) set forth in the offering circular dated [date of the original offering circular] (the “Original Offering Circular”). The Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the offering circular dated October 7, 2024 (the “Offering Circular”), except in respect of the Conditions which are extracted from the Original Offering Circular and are attached hereto.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency]

1. Issuer: Korea Land & Housing Corporation

(Legal Entity Identifier: 9884009ZN0XE8VIPAC02)

2. (i) Series Number: [●]

(ii) Tranche Number: [●]

(If re-opening fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)

(iii) Re-opening: [Yes/No] *(Specify terms of initial or eventual fungibility)*

3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:
 - (i) Series: [●]
 - (ii) Tranche: [●]
5.
 - (i) Issue Price of Tranche: [●]% of the Aggregate Nominal Amount *[plus accrued interest from [insert date] (in the case of fungible re-opening issues only, if applicable)]*.
 - (ii) Net Proceeds: [●]
(Required only for listed issues)
 - (iii) Use of Proceeds: [As described in the Offering Circular/(describe)]
6.
 - (i) Specified Denominations: [●]
(in the case of Registered Notes, this means the minimum integral amount in which transfers can be made)

(N.B. Pursuant to Regulation (EU) 2017/1129 as amended or superseded (the Prospectus Regulation”), Notes to be admitted to trading on a regulated market within the European Economic Area or the UK must have a minimum denomination of €100,000 (or equivalent) in order to benefit from Transparency Directive exemptions in respect of wholesale securities. Similarly, Notes must have a minimum denomination of €100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 4(c) of the Prospectus Regulation in that Member State or the UK.)

(N.B. Where Bearer Notes with multiple denominations above US\$200,000 or equivalent are being used, the following sample wording should be followed:

“US\$200,000 and integral multiples of US\$1,000 in excess thereof up to and including US\$399,000. No Notes in definitive form will be issued with a denomination above US\$399,000.”)

(N.B. If an issue of Notes is (i) NOT admitted to trading on a European Economic Area or UK exchange; and (ii) only offered in the European Economic Area or the UK in circumstances where a prospectus is not required to be published under the Prospectus Regulation, the €100,000 minimum denomination is not required.)
 - (ii) Calculation Amount: [●]
(If there is only one Specified Denomination, insert the Specified Denomination. If there is more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations)
7.
 - (i) Issue Date: [●]
 - (ii) Interest Commencement Date: [●]

8. Maturity Date: *[Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]**
9. Interest Basis: *[% Fixed Rate]*
[[EURIBOR/SOFR Benchmark] +/- % Floating Rate]
[Zero Coupon]
[Dual Currency Interest]
[specify other]
(further particulars specified below)
10. Redemption/Payment Basis: *[Redemption at par]*
[Dual Currency Redemption]
[Partly Paid]
[Installment]
[specify other]
11. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provisions for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12. Put/Call Options (other than Condition 9(b)): *[Investor Put]*
[Issuer Call]
[(further particulars specified below)]
13. Status of the Notes: Senior
14. Listing: *[Singapore Exchange Securities Trading Limited³/specify other/None]*
15. Method of Distribution: *[Syndicated/Non-syndicated]*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions: *[Applicable/Not Applicable]*
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: *[●]% per annum [payable [annually/semi-annually/quarterly] in arrears] (If payable other than annually, consider amending Condition 6 (Interest))*
- (ii) Interest Payment Date(s): *([[●] in each year up to and including the Maturity Date]/[specify other])*
- (N.B. This will need to be amended in the case of long or short coupons)*
- (iii) Fixed Coupon Amount(s): *(applicable to Notes in definitive form)* *[●] per Calculation Amount*

* *[Specify if different from that stated in the Offering Circular]*

³ For Singapore Stock Exchange listing: The latest audited financial statements of the Issuer should be appended in full to the pricing supplement if not already included in the Offering Circular.

- (iv) Broken Amount(s): *(applicable to Notes in definitive form)* ☒ per Calculation Amount payable on the Interest Payment Date falling [in/on] ☐ *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount]*
- (v) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or specify other]
- (vi) Determination Date(s): ☒ in each year
- [Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.*
- N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration.*
- N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
17. Floating Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates: ☒
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (iii) Additional Business Centre(s): ☒
(Insert New York City for U.S. dollar denominated Notes to be held through DTC and for non-U.S. dollar denominated Notes where exchange into U.S. dollars is contemplated for DTC participants holding through Euroclear and Clearstream)
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): ☒

- (vi) Screen Rate Determination:
- Reference Rate: ☐ *(EURIBOR, SOFR Benchmark or other; although additional information is required if other – including fallback provisions in the Agency Agreement)*
 - Interest Determination Date(s): ☐ *(second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR)*
 - Relevant Screen Page: ☐ *(In the case of EURIBOR, if not Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
 - SOFR Benchmark: [Not Applicable/Compounded Daily SOFR/SOFR Index] *(Only applicable where the Reference Rate is SOFR)*
 - Compounded Daily SOFR [Not Applicable/SOFR Lag/SOFR Observation Shift] *(Only applicable in the case of Compounded Daily SOFR)*
 - Lookback Days: [Not Applicable/[] U.S. Government Securities Business Day(s)] *(Only applicable in the case of SOFR Lag)*
 - SOFR Observation Shift Days: [Not Applicable/[] U.S. Government Securities Business Day(s)] *(Only applicable in the case of SOFR Observation Shift or SOFR Index)*
 - SOFR Index_{Start}: [Not Applicable/[] U.S. Government Securities Business Day(s)] *(Only applicable in the case of SOFR Index)*
 - SOFR Index_{End}: [Not Applicable/[] U.S. Government Securities Business Day(s)] *(Only applicable in the case of SOFR Index)*
- (vii) ISDA Determination:
- Floating Rate Option: ☐ *(if not on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, the Issuer shall describe the basis here)*
 - Designated Maturity: ☐
 - Reset Date: ☐
- (viii) Margin(s): ☐ ☐% per annum
- (ix) Minimum Rate of Interest: ☐% per annum
- (x) Maximum Rate of Interest: ☐% per annum

- (xi) Day Count Fraction: ☒ % per annum
- [Actual/Actual (ISDA) or Actual/Actual Actual/365
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360, 360/360 or Bond Basis
30E/360, or Eurobond Basis
30E/360 (ISDA)
Other]
(See Condition 6 (Interest) for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: ☒
- (xiii) Benchmark Replacement (General) [Applicable/Not Applicable]
- (xiv) Benchmark Replacement (SOFR) [Applicable/Not Applicable]
18. Zero Coupon Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: ☒ % per annum
- (ii) Reference Price: ☒
- (iii) Any other formula/basis of determining amount payable: ☒
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 9(e) (Redemption and Purchase – Early Redemption Amounts) – (iii) and Condition 9(j) – (Redemption and Purchase – Late Payment on Zero Coupon Notes) apply/specify other]
(Consider applicable day count fraction if not U.S. dollar denominated)
19. Dual Currency Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]

- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest payable: [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call (other than Condition 9(b)): [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount

- (iii) If redeemable in part:

- (a) Minimum Redemption Amount: [●]

- (b) Maximum Redemption Amount: [●]

- (iv) Notice period (if other than as set out in the Conditions): [●]
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

21. Investor Put: [Applicable/Not Applicable]

(If not applicable, delete the remaining subparagraphs of this paragraph)

- (i) Optional Redemption Date(s): [●]

- (ii) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) Notice period (if other than as set out in the Conditions): [●]
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
22. Final Redemption Amount of each Note: [●] [per Calculation Amount/specify other]
23. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 9(e) *(Redemption and Purchase – Early Redemption Amounts)*): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: [Bearer Notes:
- [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]* FN]
- [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date* FN]
- [Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]* FN]]

* N.B. – Regard should be given to the specific requirements of the relevant clearing system(s), if any.

Ensure that this is consistent with the wording in the “Form of the Notes” section in the Offering Circular and the Notes themselves. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: “[US\$200,000] and integral multiples of [US\$1,000] in excess thereof up to and including [US\$499,000].”

Noteholders will not have the right to exchange such Global Notes for Definitive Notes other than upon the occurrence of an Exchange Event.

[Registered Notes:

Regulation S Global Note (US\$[●] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream]/Rule 144A Global Note (US\$[●] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream]/Definitive IAI Registered Notes (*specify nominal amounts*)]

25. Additional Financial Center(s) or other special provisions relating to Payment Dates: [Not Applicable/*give details*]
(Note that this item relates to the place of payment and not Interest Period end dates to which items 17(iii) and 19(vi) relate; insert New York City for U.S. dollar denominated Notes to be held through DTC)
26. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): [Not Applicable/*give details*]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details. N.B. New forms of Global Note may be required for Partly Paid issues*]
28. Details relating to Installment Notes:
- (i) Installment Amount(s): [Not Applicable/*give details*]
- (ii) Installment Date(s): [Not Applicable/*give details*]
29. Redenomination applicable: Redenomination [not] applicable
[(If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))]
30. Other terms or special conditions: [Not Applicable/*give details*]

DISTRIBUTION

31. (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Stabilizing Manager (if any): [Not Applicable/*give name*]
32. If non-syndicated, name of relevant Dealer: [●]

33. U.S. Selling Restrictions: [Reg. S; Category 2]; [TEFRA D/TEFRA C/TEFRA not applicable (for Bearer Notes with a maturity of one year or less (including unilateral rollovers and extensions) or Registered Notes)]*
34. Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
35. Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
36. Additional selling restrictions: [Not Applicable/*give details*]

HONG KONG SFC CODE OF CONDUCT

37. Rebates: [A rebate of [●] bps is being offered by the [Issuer] to all private banks for orders they place (other than in relation to Notes subscribed by such private banks as principal whereby it is deploying its own balance sheet for onward selling to investors), payable upon closing of this offering based on the principal amount of the Notes distributed by such private banks to investors. Private banks are deemed to be placing an order on a principal basis unless they inform the CMI otherwise. As a result, private banks placing an order on a principal basis (including those deemed as placing an order as principal) will not be entitled to, and will not be paid, the rebate.]/[Not Applicable]
38. Contact e-mail addresses of the Overall Coordinators where underlying investor information in relation to omnibus orders should be sent: [Include relevant contact email addresses of the Overall Coordinators where the underlying investor information should be sent – OCs to provide]/[Not Applicable]
39. Marketing and Investor Targeting Strategy [if different from the Program Offering Circular]

OPERATIONAL INFORMATION

40. Any clearing system(s) other than Euroclear and Clearstream and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
41. Delivery: Delivery [against/free of] payment
42. In the case of Registered Notes, specify the location of the office of the Registrar if other than New York: Not Applicable/[Luxembourg]

* Where TEFRA D is applicable, a Note must be issued in the form of a Temporary Bearer Global Note exchangeable upon U.S. tax certification for a Permanent Bearer Global Note or for Definitive Notes.

43. Additional Paying Agent(s) (if any): [●]

ISIN: [●]

Common Code: [●]

CUSIP: [●]

CINS: [●]

(insert here any other relevant codes)

NOTICE TO INVESTORS

The Issuer is a government-controlled statutory juridical entity established under the Korea Land & Housing Corporation Act and is required under the Act on the Management of Public Agencies and regulations thereunder to publicly disclose its annual financial statements and management information, subject to certain limitations according to public or national security interest. However, as there is no obligation under Korean law for the Issuer to prepare such information in English, there is limited publicly available information about the Issuer in English.

[LISTING APPLICATION

[Application will be made to/Application has been made to/Approval in-principle has been received from] the Singapore Exchange Securities Trading Limited (the “Singapore Stock Exchange”) for the listing and quotation of the Notes on the Singapore Stock Exchange. The Singapore Stock Exchange assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the Singapore Stock Exchange are not to be taken as an indication of the merits of the Issuer, the Program or the Notes.

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the US\$5,000,000,000 Global Medium Term Note Program of Korea Land & Housing Corporation.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. Signed on behalf of the Issuer:

By: _____
Duly authorized signatory
Name:
Title:

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1 (*Form, Denomination and Title*), 5 (*Redenomination*), 6 (*Interest*), 8 (*Payments*), 9 (*Redemption and Purchase* (except Condition 9(b) (*Redemption and Purchase – Redemption for tax reasons*))), 13 (*Replacement of Notes, Receipts, Coupons and Talons*), 14 (*Agents*), 15 (*Exchange of Talons*), 16 (*Notices*) (insofar as such Notes are not listed or admitted to trade on any stock exchange) or 18 (*Further Issues*), they will not necessitate the preparation of a supplement to the Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to the Offering Circular may be prepared, if appropriate.

TERMS AND CONDITIONS OF THE NOTES

This section includes provisions applicable to Rule 144A Global Notes and Definitive IAI Registered Notes in case the Program and the related offering circular are amended to permit such notes to be issued under the Program. The Notes offered or sold pursuant to the Offering Circular may be offered and sold only to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended.

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange (if any) and agreed to by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “*Form of the Notes*” for a description of the content of Pricing Supplements which will specify which of such terms are to apply in relation to the relevant Notes. Reference herein to “Condition” shall be to the Terms and Conditions set forth below.

This Note is one of a Series (as defined below) of Notes issued by Korea Land & Housing Corporation (the “Issuer”) pursuant to the Agency Agreement (as defined below).

References herein to the “Notes” shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a “Global Note”), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) any definitive Notes in bearer form (“Bearer Notes”) issued in exchange for a Global Note in bearer form; and
- (iv) any definitive Notes in registered form (“Registered Notes”) (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated July 11, 2017 (such Agency Agreement as supplemented by the First Supplement to the Amended and Restated Agency Agreement dated July 5, 2019, the Supplemental Agency Agreement dated July 2, 2021 and the Third Supplement to the Amended and Restated Agency Agreement dated October 7, 2022 and as further amended and/or supplemented and/or restated from time to time, the “Agency Agreement”) among the Issuer, Citicorp International Limited, as Fiscal Agent, and Citibank, N.A., London Branch, as Principal Paying Agent, Calculation Agent, Registrar, Paying Agent and Transfer Agent (collectively, including any successors thereto or additional such agent appointed pursuant to the terms of the Agency Agreement, the “Agents”).

Interest-bearing definitive Bearer Notes have interest coupons (“Coupons”) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“Talons”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons. Definitive Bearer Notes repayable in installments have receipts (“Receipts”) for the payment of the installments of principal (other than the final installment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the “applicable Pricing Supplement” are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to “Noteholders” or “holders” in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to “Receiptholders” shall mean the holders of the Receipts and any reference herein to “Couponholders” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects except for their respective Issue Dates, Interest Commencement Dates (if applicable) and/or Issue Prices (if applicable).

Copies of the Agency Agreement are available for inspection during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of the Principal Paying Agent with prior written notice and satisfactory proof of holding. Copies of the applicable Pricing Supplement are obtainable during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of the Principal Paying Agent with prior written notice except that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the Principal Paying Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Pricing Supplement or between the Terms and Conditions and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes may be in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, will be serially numbered, in the Specified Currency and the Specified Denomination(s). Except as provided in Condition 2, Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may be an Installment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

This Note may also be a Limited Recourse Note, as indicated in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking S.A. ("Clearstream"), each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or of Clearstream as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes except in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note, and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

For so long as The Depository Trust Company ("DTC") or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and the Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, as the case may be. References to DTC, Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

2. TRANSFERS OF REGISTERED NOTES

(a) Transfers of Interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorized denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Transfers of Registered Notes in Definitive Form

Subject as provided in paragraphs (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part, in the authorized denominations set out in the applicable Pricing Supplement. In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note, or the relevant part of the Registered Note, at the specified office of the

Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorized in writing and (B) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 7 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

(c) Registration of Transfer upon Partial Redemption

In the event of a partial redemption of Notes under Condition 9 (*Redemption and Purchase*), the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(d) Costs of Registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

(e) Transfers of Interests in Regulation S Global Notes

Prior to expiry of the applicable Distribution Compliance Period (as defined below), transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in Schedule 5 of the Agency Agreement, amended as appropriate (a “Transfer Certificate”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:
 - (A) to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
 - (B) to a person who is an Institutional Accredited Investor, in which case the Transfer Certificate must be accompanied by a duly executed investment letter from the relevant transferee substantially in the form set out in Schedule 6 of the Agency Agreement (an “IAI Investment Letter”); or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (A) above, such transferee may take delivery through a Legended Note (as defined below) in global or definitive form and, in the case of (B) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

(f) Transfers of Interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that in the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream; or
- (ii) to a transferee who takes delivery of such interest through a Legended Note:
 - (A) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
 - (B) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall deliver only Legended Notes or refuse to remove the Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

(g) Exchanges and Transfers of Registered Notes Generally

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

(h) Definitions

In this Condition, the following expressions shall have the following meanings:

“Distribution Compliance Period” means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

“Institutional Accredited Investor” means “accredited investors” (as defined in Rule 501(a) (1), (2), (3) or (7) under the Securities Act) that are institutions;

“Legended Note” means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

“QIB” means a “qualified institutional buyer” within the meaning of Rule 144A;

“Regulation S” means Regulation S under the Securities Act;

“Regulation S Global Note” means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

“Rule 144A” means Rule 144A under the Securities Act;

“Rule 144A Global Note” means a Registered Global Note representing Notes sold in the United States or to QIBs; and

“Securities Act” means the United States Securities Act of 1933, as amended.

3. STATUS OF NOTES

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4 (*Certain Covenants*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (except for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

4. CERTAIN COVENANTS

(a) Limitation on Liens

The Issuer will not itself, and will not permit any Restricted Subsidiary (as defined below) to, create, incur, issue or assume or guarantee any External Indebtedness (as defined below) secured by any mortgage, charge, pledge, encumbrance or other security interest (a “Lien”) on any Restricted Property without in any such case effectively providing that the Notes (together with, if the Issuer shall so determine, any other indebtedness of the Issuer or such Restricted Subsidiary then existing or thereafter created) are secured equally and ratably with or prior to such secured External Indebtedness unless, after giving effect thereto, the aggregate principal amount of all such secured External Indebtedness, plus Attributable Debt (as defined below) of the Issuer and its Restricted Subsidiaries in respect of sale and leaseback transactions as described under “*Limitation upon Sale and Leaseback Transactions*” below, in each case entered into after the date of the issuance of the Notes, would not exceed 10% of Consolidated Net Tangible Assets (as defined below).

The foregoing restriction will not apply to External Indebtedness secured by:

- (i) any Lien existing on any Restricted Property prior to the acquisition thereof by the Issuer or any of its Restricted Subsidiaries or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition;

- (ii) any Lien on any Restricted Property securing External Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof, *provided* that such Lien attaches to such Restricted Property concurrently with or within 12 months after the acquisition thereof or completion or construction, improvement or repair thereof;
- (iii) any Lien existing on any Restricted Property of any Restricted Subsidiary prior to the time such Restricted Subsidiary becomes a Subsidiary of the Issuer or arising after such time pursuant to contractual commitments entered into prior to and not in contemplation thereof;
- (iv) any Lien securing External Indebtedness owing to the Issuer or to a Restricted Subsidiary; or
- (v) any Lien arising out of the refinancing, extension, renewal or refunding of any External Indebtedness secured by any Lien permitted by any of the foregoing clauses or existing at the date of the issuance of the Notes, *provided* that such External Indebtedness is not increased and is not secured by any additional Restricted Property.

For the purposes of Conditions 4(a) and 4(b), the giving of a guarantee which is secured by a Lien on a Restricted Property, and the creation of a Lien on a Restricted Property to secure External Indebtedness which existed prior to the creation of such Lien, shall be deemed to involve the creation of indebtedness in an amount equal to the principal amount guaranteed or secured by such Lien; but the amount of indebtedness secured by Liens on Restricted Properties shall be computed without cumulating the underlying indebtedness with any guarantee thereof or Lien securing the same.

For the avoidance of any doubt, the establishment of any receivables financing facility or arrangement pursuant to which a special purpose vehicle (including any special purpose trust) purchases or otherwise acquires accounts receivable of the Issuer shall not be deemed to be affected by Conditions 4(a) or 4(b).

(b) Limitation upon Sale and Leaseback Transactions

The Issuer will not itself, and will not permit any Restricted Subsidiary to, enter into any arrangement, after the date of the issuance of the Notes, with any person providing for the leasing by the Issuer or any Restricted Subsidiary of any Restricted Property which has been or is to be sold or transferred to such person or to any other person to whom funds are advanced by such person on the security of such Restricted Property (a “sale and leaseback transaction”), unless (i) the Attributable Debt of the Issuer and its Restricted Subsidiaries in respect thereof and in respect of all other sale and leaseback transactions entered into after the date of the issuance of the Notes (other than transactions permitted by clause (ii) below) plus the aggregate principal amount of External Indebtedness secured by Liens on Restricted Property then outstanding (excluding any such External Indebtedness secured by Liens described in clause (i) through (v) under “*Limitation on Liens*” above) without equally and ratably securing the Notes, would not exceed 10% of Consolidated Net Tangible Assets or (ii) the Issuer or a Restricted Subsidiary within 12 months after such sale and leaseback transactions, applies to the retirement of External Indebtedness, which is not subordinate to the Notes, of the Issuer or a Restricted Subsidiary an amount equal to the greater of (A) the net proceeds of the sale or transfer of the property or other assets which are the subject of such sale and leaseback transactions or (B) the fair market value of the Restricted Property so leased (in each case as determined by the Issuer).

The foregoing restriction shall not apply to any transaction (x) between the Issuer and a Restricted Subsidiary or between Restricted Subsidiaries or (y) involving a lease for a temporary period not exceeding three years by the end of which it is intended that the use of such Restricted Property by the lessee will be discontinued.

(c) Consolidation, Merger and Sale of Assets

The Issuer will not consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to any corporation or convey or transfer its properties and assets substantially to any person, except as provided herein and in the Agency Agreement. The Issuer, without the consent of any Noteholder, may consolidate with, or merge into, or sell, transfer, lease or convey its assets substantially as an entirety (each a “transaction”) to any corporation organized under the laws of Korea, *provided* that

(i) any successor corporation expressly assumes the Issuer's obligations under the Notes and the Agency Agreement, (ii) after giving effect to the transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, (iii) if, as a result of any such transaction, properties or assets of the Issuer or a Restricted Subsidiary would become subject to a Lien which would not be permitted under these Terms and Conditions, the Issuer or such successor corporation, as the case may be, shall take such steps as shall be necessary effectively to secure the Notes (together with, if the Issuer shall so determine, any other indebtedness of the Issuer or such Subsidiary then existing or thereafter created which is not subordinate to the notes) equally and ratably with (or prior to) all indebtedness secured thereby and (iv) the Issuer has delivered to the Fiscal Agent a certificate executed by a duly authorized officer of the Issuer and an opinion of counsel as to matters of law stating that such consolidation, merger, sale, transfer, lease or conveyance and, if a supplemental agreement is required in connection with such transaction, such supplemental agreement comply with the Agency Agreement and the Notes and that all conditions precedent herein provided for relating to such transaction have been complied with. The Fiscal Agent shall be entitled to accept and rely upon such certificate and opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the conditions precedent set out in above of this Condition 4(c), in which event they shall be conclusive and binding on the Noteholders.

(d) Certain Definitions

In these Conditions, the following expressions have the following meanings:

“Attributable Debt” means, as to any lease, at the date of determination, the total net amount of rent required to be paid under such lease during the remaining term thereof including renewal terms at the option of the lessor (excluding amounts on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges and contingent rents), discounted from their respective due dates at the rate of interest borne by the Notes, at the date of determination, compounded annually.

“Consolidated Net Tangible Assets” means the total amount of assets of the Issuer and its consolidated Subsidiaries, including investments in unconsolidated Subsidiaries, after deducting therefrom (a) all current liabilities (excluding any current liabilities constituting Long-term Debt by reason of their being renewable or extendible) and (b) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangible assets, all as set forth on the most recent audited annual balance sheet of the Issuer and its consolidated Subsidiaries and computed in accordance with International Financial Reporting Standards, as adopted by the Korean Accounting Standards Board.

“External Indebtedness” means any obligation for the payment or repayment of money borrowed which is denominated in a currency other than the currency of Korea and which has a final maturity of one year or more from its date of incurrence or issuance.

“Long-term Debt” means any note, bond, debenture or other similar evidence of indebtedness of money borrowed having a maturity of more than one year from the date such evidence of indebtedness was incurred or having a maturity of less than one year but by its terms being renewable or extendible, at the option of the borrower beyond one year from the date such evidence on indebtedness was incurred.

“person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Restricted Property” means any asset or property located in Korea, whether at the date of the issuance of the Notes owned or thereafter acquired, other than any such asset or property, or portion thereof, reasonably determined by the Issuer's board of directors not to be of material importance to the total business conducted by the Issuer and its Subsidiaries as a whole.

“Restricted Subsidiary” means any Subsidiary that owns Restricted Property.

“Subsidiary” means any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by the Issuer.

5. REDENOMINATION

(a) *Redenomination*

Where redenomination is specified in the applicable Pricing Supplement as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Agent, DTC, Euroclear and Clearstream and at least 30 days' prior notice to the Noteholders in accordance with Condition 16 (*Notices*), elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in Euro.

The election will have effect as follows:

- (i) the Notes and the Receipts shall be deemed to be redenominated into Euro with a principal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into Euro at the Established Rate (as defined below), rounded to the nearest Euro 0.01 if the conversion results in an amount involving a fraction of Euro 0.01, provided that, if the Issuer determines that the then market practice in respect of the redenomination into Euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Agents of such deemed amendments;
- (ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest Euro 0.01;
- (iii) if definitive Notes are required to be issued after the Redenomination Date (as defined below), they shall be issued at the expense of the Issuer in the denominations of Euro 1,000, Euro 10,000, Euro 100,000 and (but only to the extent of any remaining amounts less than Euro 1,000 or such smaller denominations as the Agent may approve) Euro 0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the "Exchange Notice") that replacement Euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New Euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;
- (v) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Notes to the Specified Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque;
- (vi) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date (as specified in the applicable Pricing Supplement), it will be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention;

- (vii) if the Notes are Floating Rate Notes, the applicable Pricing Supplement will specify any relevant changes to the provisions relating to interest; and
- (viii) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the applicable Agent, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in Euro.

(b) Definitions

In these Conditions, the following expressions have the following meanings:

“Established Rate” means the rate for the conversion of the Specified Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

“Euro” means the lawful currency of the Member States of the European Union that have adopted the single currency in accordance with the Treaty;

“Redenomination Date” means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to paragraph (a) above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

“Treaty” means the Treaty establishing the European Community (signed in Rome on March 25, 1957), as amended from time to time.

6. INTEREST

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrears on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in these Terms and Conditions, “Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction (as defined below), and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

In these Conditions:

“Day Count Fraction” means, in respect of the calculation of an amount of interest, in accordance with this Condition 6(a):

- (i) if “**Actual/Actual (ICMA)**” is specified in the applicable Pricing Supplement:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

“Determination Period” means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“sub-unit” means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, one cent.

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date and such interest will be payable in arrears on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “Interest Payment Date”) which falls on the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 6 (*Interest-(b)(i)(B)*) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls on the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, “Business Day” means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in New York and any Additional Business Center specified in the applicable Pricing Supplement; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (if other than New York and any Additional Business Center and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively) or (2) in relation to any sum payable in Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “TARGET2 System”) is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (A), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “ISDA Definitions”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the Euro-zone inter-bank offered rate (“EURIBOR”), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (A), the terms “Floating Rate,” “Calculation Agent,” “Floating Rate Option,” “Designated Maturity” and “Reset Date” shall have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified as EURIBOR in the applicable Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (as specified in the applicable Pricing Supplement) as at 11:00 a.m. (Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available (other than as a result of a Benchmark Transition Event, in which case Condition 6(b)(vii) will apply) or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

(C) Screen Rate Determination for Floating Rate Notes where the Reference Rate is specified as being SOFR Benchmark

Where Screen Rate Determination is specified as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified as SOFR Benchmark in the applicable Pricing Supplement, the Rate of Interest for each Interest Period will, subject as provided below, be equal to the relevant SOFR Benchmark plus or minus the Margin (if any), all as determined by the Calculation Agent on the relevant Interest Determination Date.

The “SOFR Benchmark” will be determined based on Compounded Daily SOFR or SOFR Index, as follows (subject in each case to Condition 6(b)(viii) as further specified hereon):

- (1) If Compounded Daily SOFR is specified in the applicable Pricing Supplement as the manner in which the SOFR Benchmark will be determined, the SOFR Benchmark for each Interest Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant Interest Period (where SOFR Lag is specified in the applicable Pricing Supplement to determine Compounded Daily SOFR) or the SOFR Observation Period (where SOFR Observation Shift is specified in the applicable Pricing Supplement to determine Compounded Daily SOFR).

Compounded Daily SOFR shall be calculated by the Calculation Agent in accordance with one of the formulas referenced below depending upon which is specified in the applicable Pricing Supplement:

- (a) SOFR Lag:

$$\left(\prod_{i=1}^{d_0} \left(1 + \frac{SOFR_{i-xUSBD} \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“SOFR_{i - xUSBD}” for any U.S. Government Securities Business Day “i” in the relevant Interest Period, is equal to the SOFR reference rate for the U.S. Government Securities Business Day falling the number of Lookback Days prior to that U.S. Government Securities Business Day “i”;

“Lookback Days” means such number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement;

“d” means the number of calendar days in the relevant Interest Period;

“d₀” for any Interest Period, means the number of U.S. Government Securities Business Days in the relevant Interest Period;

“i” means a series of whole numbers ascending from one to d_0 , representing each relevant U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant Interest Period (each a “U.S. Government Securities Business Day “I””); and

“ n_i ” for any U.S. Government Securities Business Day “i” means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day.

(b) SOFR Observation Shift:

$$\left(\prod_{i=1}^{d_0} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right) \times \frac{360}{d}$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“ $SOFR_i$ ” for any U.S. Government Securities Business Day “i” in the relevant SOFR Observation Period, is equal to the SOFR reference rate for that U.S. Government Securities Business Day “i”;

“SOFR Observation Period” means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Payment Date for such Interest Period;

“SOFR Observation Shift Days” means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement;

“d” means the number of calendar days in the relevant SOFR Observation Period;

“ d_0 ” for any SOFR Observation Period, means the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

“i” means a series of whole numbers ascending from one to d_0 , representing each U.S. Government Securities Business Day from (and including) the first U.S. Government Securities Business Day in the relevant SOFR Observation Period (each a “U.S. Government Securities Business Day “I””); and

“ n_i ” for any U.S. Government Securities Business Day “i” means the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day.

The following defined terms shall have the meanings set out below for purpose of this Condition 6(b)(ii)(C)(1):

“Bloomberg Screen SOFRRATE Page” means the Bloomberg screen designated “SOFRRATE” or any successor page or service;

“Reuters Page USDSOFR=” means the Reuters page designated “USDSOFR=” or any successor page or service;

“SOFR” means, in respect of a U.S. Government Securities Business Day, the reference rate determined by the Calculation Agent in accordance with the following provision:

- (a) the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Bloomberg Screen SOFRRATE Page; the Secured Overnight Financing Rate published at the SOFR Determination Time as such reference rate is reported on the Reuters Page USDSOFR=; or the Secured Overnight Financing Rate published at the SOFR Determination Time on the SOFR Administrator’s Website;
- (b) if the reference rate specified in (a) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the SOFR reference rate shall be the reference rate published on the SOFR Administrator’s Website for the first preceding U.S. Government Securities Business Day for which SOFR was published on the SOFR Administrator’s Website; or
- (c) if the reference rate specified in (a) above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 6(b)(viii) shall apply as specified in the applicable Pricing Supplement;

“SOFR Determination Time” means approximately 3:00 p.m. (New York City time) on the immediately following U.S. Government Securities Business Day.

- (2) If SOFR Index is specified in the applicable Pricing Supplement, the SOFR Benchmark for each Interest Period shall be equal to the compounded average of daily SOFR reference rates for each day during the relevant SOFR Observation Period as calculated by the Calculation Agent as follows:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \left(\frac{360}{d_c} \right)$$

with the resulting percentage being rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with 0.000005 per cent. being rounded upwards (e.g., 9.876541 per cent. (or 0.09876541) being rounded down to 9.87654 per cent. (or 0.0987654) and 9.876545 per cent. (or 0.09876545) being rounded up to 9.87655 per cent. (or 0.0987655)) and where:

“SOFR Index” means, in respect of a U.S. Government Securities Business Day, the SOFR Index value as published on the SOFR Administrator’s Website at the SOFR Index Determination Time on such U.S. Government Securities Business Day, provided that:

- (a) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have not occurred, the “SOFR Index” shall be calculated on any Interest Determination Date with respect to an Interest Period, in accordance with the Compounded Daily SOFR formula described above in Condition 6(b)(ii)(C)(1)(b) “SOFR Observation Shift”, and the term “SOFR Observation Shift Days” shall mean five U.S. Government Securities Business Days; or

- (b) if the value specified above does not appear and a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred, the provisions set forth in Condition 6(b)(viii) shall apply as specified in the applicable Pricing Supplement;

“SOFR Index_{End}” means, in respect of an Interest Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement prior to the Interest Payment Date for such Interest Period (or in the final Interest Period, the Maturity Date);

“SOFR Index_{Start}” means, in respect of an Interest Period, the SOFR Index value on the date that is the number of U.S. Government Securities Business Days specified in the applicable Pricing Supplement prior to the first day of such Interest Period;

“SOFR Index Determination Time” means, in respect of a U.S. Government Securities Business Day, approximately 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

“SOFR Observation Period” means, in respect of an Interest Period, the period from (and including) the date falling the number of SOFR Observation Shift Days prior to the first day of such Interest Period to (but excluding) the date falling the number of SOFR Observation Shift Days prior to the Interest Payment Date for such Interest Period;

“SOFR Observation Shift Days” means the number of U.S. Government Securities Business Days as specified in the applicable Pricing Supplement; and

“d_c” means the number of calendar days in the applicable SOFR Observation Period.

The following defined terms shall have the meanings set out below for purpose of this Condition 6(b)(ii)(C)(2):

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Period, the date specified as such in the applicable Pricing Supplement or, if none is so specified, the second U.S. Government Securities Business Day prior to the last day of each Interest Period;

“SOFR Administrator’s Website” means the website of the Federal Reserve Bank of New York or any successor source;

“SOFR Benchmark Replacement Date” means the date of occurrence of a Benchmark Transition Event with respect to the then-current SOFR Benchmark;

“SOFR Benchmark Transition Event” means the occurrence of a Benchmark Transition Event with respect to the then-current SOFR Benchmark; and

“U.S. Government Securities Business Day” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Calculation Agent, in the case of Floating Rate Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Calculation Agent will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 6(b):

- (A) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (C) if “Actual/365 (Sterling)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365, or in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (E) if “30/360,” “360/360” or “Bond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (F) if “30E/360” or “Eurobond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (G) if “30E/360 (ISDA)” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case, D₂ will be 30.

(v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 16 (*Notices*) as soon as practicable after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 16 (*Notices*). For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(vi) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(b) (*Interest – Interest on Floating Rate Notes*) by the Calculation Agent shall (in the absence of willful default, gross negligence, fraud or manifest error) be binding on the Issuer, the Calculation Agent, the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(vii) Benchmark Discontinuation (General)

(A) Independent Adviser

If a Benchmark Transition Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavors to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 6(b)(vii)(B) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 6(b)(vii)(D)). In making such determination, the Independent Adviser appointed pursuant to this Condition 6(b)(vii) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Principal Paying Agent, the Paying Agents, or the Noteholders for any determination made by it, pursuant to this Condition 6(b)(vii).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 6(b)(vii)(A) prior to the date which is 10 business days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to Floating Rate Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest determined using the Original Reference Rate last displayed on the relevant Screen Page prior to the relevant Interest Determination Date. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 6(b)(vii)(B).

(B) Successor Rate or Alternative Rate

If the Independent Adviser, determines that:

- (1) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on Floating Rate Notes (subject to the operation of this Condition 6(b)(vii)); or
- (2) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on Floating Rate Notes (subject to the operation of this Condition 6(b)(vii)).

(C) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(D) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 6(b)(vii) and the Independent Adviser, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “Benchmark Amendments”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 6(b)(vii)(E), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 6(b)(vii), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 6(b)(vii) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 6(b)(vii)(D), the Issuer shall comply with the rules of any stock exchange on which the Floating Rate Notes are for the time being listed or admitted to trading.

(E) Notices, etc.:

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 6(b)(vii) will be notified at least 10 business days prior to the relevant Interest Determination Date by the Issuer to the Principal Paying Agent, the Calculation Agent, the Paying Agents. In accordance with Condition 16, notice shall be provided to the Noteholders promptly thereafter. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Principal Paying Agent, the Calculation Agent and the Paying Agents a certificate signed by two directors of the Issuer:

- (1) confirming (i) that a Benchmark Transition Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 6(b)(vii); and
- (2) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

Each of the Principal Paying Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Principal Paying Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 6(b)(vii), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 6(b)(vii), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

(F) *Survival of Original Reference Rate:*

Without prejudice to the obligations of the Issuer under Condition 6(b)(vii)(A), Condition 6(b)(vii)(B), Condition 6(b)(vii)(C) and Condition 6(b)(vii)(D), the Original Reference Rate and the fallback provisions provided for in Condition 6(b)(ii)(B) will continue to apply unless and until a Benchmark Transition Event has occurred.

(G) *Definitions:*

As used in this Condition 6(b)(vii):

“Adjustment Spread” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (1) (in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (2) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Independent Adviser determines that no such spread is customarily applied);
- (3) the Independent Adviser determines is recognized or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 6(b)(vii)(B) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Floating Rate Notes.

“Benchmark Amendments” has the meaning given to it in Condition 6(b)(vii)(D).

“Benchmark Transition Event” means:

- (1) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (2) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (3) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (4) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Floating Rate Notes; or

- (5) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (6) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

provided that the Benchmark Transition Event shall be deemed to occur (a) in the case of subparagraphs (1) and (3) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of subparagraph (4) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of subparagraph (5) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Transition Event shall be determined by the Issuer and promptly notified to the Principal Paying Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Principal Paying Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 6(b)(vii)(A).

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Floating Rate Notes.

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (2) any working group or committee sponsored by, chaired or co- chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(viii) *Benchmark Replacement (SOFR)*

The following provisions shall apply if Benchmark Discontinuation (SOFR) is specified in the applicable Pricing Supplement:

(A) *Benchmark Replacement*

If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates.

(B) *Benchmark Replacement Conforming Changes*

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time. For the avoidance of doubt, any of the Agents shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and these Conditions as may be required to give effect to this Condition 6(b)(viii). Noteholders' consent shall not be required in connection with effecting any such changes, including the execution of any documents or any steps to be taken by the Agents (if required). Further, none of the Calculation Agent, the Paying Agents, the Registrars or the Transfer Agents shall be responsible or liable for any determinations, decisions or elections made by the Issuer or its designee with respect to any Benchmark Replacement or any other changes and shall be entitled to rely conclusively on any certifications provided to each of them in this regard.

(C) *Decisions and Determinations*

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 6(b)(viii), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection (i) will be conclusive and binding absent manifest error, (ii) will be made in the sole discretion of the Issuer or its designee, as applicable, and (iii) notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from the holders of the Notes or any other party.

(D) *Certain Defined Terms:*

As used in this Condition 6(b)(viii):

“Benchmark” means, initially, the relevant SOFR Benchmark specified in the applicable Pricing Supplement; provided that if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the relevant SOFR Benchmark (including any daily published component used in the calculation thereof) or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement;

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

- (1) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

“Benchmark Replacement” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (1) the sum of:
 - (a) the alternate reference rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof); and
 - (b) the Benchmark Replacement Adjustment;
- (2) the sum of:
 - (a) the ISDA Fallback Rate; and
 - (b) the Benchmark Replacement Adjustment; or
- (3) the sum of:
 - (a) the alternate reference rate that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) giving due consideration to any industry-accepted reference rate as a replacement for the then-current Benchmark (including any daily published component used in the calculation thereof) for U.S. dollar- denominated Floating Rate Notes at such time; and
 - (b) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

- (3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark (including any daily published component used in the calculation thereof) with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated Floating Rate Notes at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the then-current Benchmark (including any daily published component used in the calculation thereof):

- (1) in the case of subparagraph (i) or (ii) of the definition of “Benchmark Transition Event”, the later of:
 - (a) the date of the public statement or publication of information referenced therein; and
 - (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (2) in the case of subparagraph (iii) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

“designee” means a designee as selected and separately appointed by the Issuer in writing;

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

“ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark (including any daily published component used in the calculation thereof) for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“Reference Time” with respect to any determination of the Benchmark means (1) if the Benchmark is the SOFR Benchmark, the SOFR Determination Time (where Compounded Daily SOFR is specified in the applicable Pricing Supplement) or SOFR Index Determination Time (where SOFR Index is specified in the applicable Pricing Supplement), or (2) if the Benchmark is not the SOFR Benchmark, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes;

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(c) *Interest on Dual Currency Interest Notes*

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Pricing Supplement.

(d) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(e) *Accrual of Interest*

Each Note (or in the case of the redemption of only part of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 16 (*Notices*).

7. LIMITED RECOURSE

The amounts payable in respect of the Limited Recourse Notes shall be determined in the manner specified in the applicable Pricing Supplement.

8. PAYMENTS

(a) *Method of Payment*

Subject as provided below:

- (i) payments in a Specified Currency other than Euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with a bank in the principal financial center of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne or Wellington, respectively); and
- (ii) payments in Euro will be made by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (x) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*) and (y) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto (“FATCA”). References to “Specified Currency” will include any successor currency under applicable law.

(b) *Presentation of Definitive Bearer Notes, Receipts and Coupons*

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in this Condition 8 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of installments of principal (if any) in respect of definitive Bearer Notes, other than the final installment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final installment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant installment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of six years after the Relevant Date (as defined in Condition 10 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11 (*Prescription*)) or, if later, six years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A “Long Maturity Note” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

(c) *Payments in respect of Bearer Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the relevant Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

(d) *Payments in Respect of Registered Notes*

Payments of principal (other than installments of principal prior to the final installment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the “Register”) at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, “Designated Account” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “Designated Bank” means (in the case of payment in a Specified Currency other than Euro) a bank in the principal financial center of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Melbourne or Wellington, respectively) and (in the case of a payment in Euro) any bank which processes payments in Euro.

Payments of interest and payments of installments of principal (other than the final installment) in respect of each Registered Note (whether or not in global form) will be made (i) where the Notes are in global form, at the close of business (being for this purpose a day on which Euroclear, Clearstream or DTC, as the case may be, is open for business in respect of Notes cleared through Euroclear, Clearstream or DTC, as the case may be) before the relevant date, and (ii) where the Notes are in definitive form, at the close of business on the 15th day (whether or not such 15th day is a business day) before the relevant due date (the “Record Date”) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and installments of principal (other than the final installment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final installment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to such holders by the Principal Paying Agent in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Principal Paying Agent to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) General Provisions Applicable to Payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream or DTC, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(f) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 11 (*Prescription*)) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
 - (A) in the case of Notes in definitive form only, the relevant place of presentation; and
 - (B) any Additional Financial Center specified in the applicable Pricing Supplement;
- (ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial center of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Melbourne or Wellington, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System is open; and
- (iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorized or required by law or regulation to be closed in New York City.

(g) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 10 (*Taxation*);
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in installments, the Installment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortized Face Amount (as defined in Condition 9(g) (*Redemption and Purchase – Early Redemption Amounts*)); and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10 (*Taxation*).

9. REDEMPTION AND PURCHASE

(a) Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or a Dual Currency Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 16 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (*Taxation*) as a result of any change in, or amendment to, the laws of a Tax Jurisdiction (as defined in Condition 10 (*Taxation*)) or any regulations or rulings promulgated thereunder or any change in the application or official interpretation of such laws or regulations or rulings, or any change in the application or official interpretation of, or any execution of or amendment to, any treaty or treaties affecting taxation to which the Tax Jurisdiction is a party, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent a certificate signed by an authorized officer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers or tax consultants of recognized standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Fiscal Agent shall be entitled to accept and rely upon such certificate and such opinion (without further investigation or enquiry) as sufficient evidence of the satisfaction of the conditions precedent set out in above of this Condition 9(b), in which event they shall be conclusive and binding on the Noteholders.

Notes redeemed pursuant to this Condition 9(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the Option of the Issuer (“Issuer Call”)

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 16 (*Notices*); and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent and, in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed (“Redeemed Notes”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “Selection Date”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 16 (*Notices*) not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate nominal amount of Redeemed Notes represented by a Global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 16 (*Notices*) at least five days prior to the Selection Date.

(d) Redemption at the Option of the Noteholders (“Investor Put”)

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 16 (*Notices*) not less than 15 nor more than 30 days’ notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Pricing Supplement, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 9(d) in any multiple of their lowest Specified Denomination.

(e) *Change of Control Redemption*

Upon the occurrence of a Change of Control (as defined below), each Noteholder will have the option (the “Change of Control Put Option”) (unless, prior to the giving of the Change of Control Put Event Notice (as defined below), the Issuer shall have given notice under paragraph (b) or (c) above in respect of the relevant Notes), exercisable during the Change of Control Put Period, to require the Issuer to redeem all or any part of its Notes at a redemption price (the “Change of Control Redemption Price”) equal to 100% of the nominal amount of such Notes, together with accrued and unpaid interest, if any, to but excluding the Change of Control Put Date (as defined below). The Change of Control Put Option shall operate as set out in paragraph (f) below. Accrued and unpaid interest in respect of the then current Interest Period (or portion thereof) shall be determined as if the Change of Control Put Date was an Interest Payment Date. Within 30 days following a Change of Control, the Issuer shall give notice (a “Change of Control Put Event Notice”) to the Noteholders in accordance with Condition 16 (*Notices*) stating (i) that a Change of Control has occurred and that such holder has the right to require the Issuer to redeem such holder’s Notes at the Change of Control Redemption Price, (ii) the date (the “Change of Control Put Date”) fixed by the Issuer for redemption under this Condition 9(e) (which shall be the fifth day after the expiry of the Change of Control Put Period) and (iii) the procedures determined by the Issuer that a Noteholder must follow in order to have its Notes redeemed.

In this Condition:

“Change of Control” means the central government and local governments of Korea ceasing to own and control (directly or indirectly or in combination) at least 51% of the Issuer’s issued and outstanding voting shares.

“Change of Control Put Period” means the period fixed by the Issuer, which shall end on a Business Day no earlier than 30 days or later than 60 days after a Change of Control Put Event Notice is given.

(f) *Put Notices*

To exercise the right to require redemption of this Note pursuant to paragraph (d) or (e) above the holder of this Note must deliver such Note at the specified office of the Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period (in the case of paragraph (d)) or the Change of Control Put Period (in the case of paragraph (e)), accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a “Put Notice”) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2 (*Transfer of Registered Notes – Transfers of Registered Notes in Definitive Form*). If this Note is in definitive form, the Put Notice must be accompanied by this Note or evidence satisfactory to the relevant Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

Any Put Notice given by a holder of any Note pursuant to this paragraph (f) shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and payable pursuant to Condition 12 (*Events of Default*).

(g) *Early Redemption Amounts*

For the purpose of paragraph (b) above and Condition 12 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

- (ii) in the case of a Note (other than a Zero Coupon Note but including an Installment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Pricing Supplement or, if no such amount or manner is so specified in the applicable Pricing Supplement, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the “Amortized Face Amount”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

“RP” means the Reference Price; and

“AY” means the Accrual Yield expressed as a decimal; and

“y” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360, or on such other calculation basis as may be specified in the applicable Pricing Supplement.

(h) Installments

Installment Notes will be redeemed in the Installment Amounts and on the Installment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (g) above.

(i) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

(j) Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike.

Notes held by the Issuer and its Subsidiaries are not “outstanding” for the purpose of Condition 17 (*Meetings of Noteholders and Modification*).

(k) Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

(l) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 12 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (g)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 16 (*Notices*).

10. TAXATION

All payments of principal and interest by the Issuer in respect of the Notes, Receipts and Coupons will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; *provided* that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) presented for payment (where presentation is required) in the Republic of Korea (provided the Notes can also be presented at an office of a Paying Agent outside of the Republic of Korea); or
- (b) where such withholding or deduction is imposed on a payment to a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or
- (c) presented for payment (where presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 8(f) (*Payments – Payment Day*)); or
- (d) where such withholding or deduction is imposed on a payment to a holder who would be able to avoid such withholding or deduction by either (i) presenting (where presentation is required) the relevant Note, Receipt or Coupon to another Paying Agent or (ii) making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested to make such a declaration or claim, such holder fails to do so; or
- (e) any withholding or deduction is imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof or any law implementing an intergovernmental approach thereto; or
- (f) any combination of (a), (b), (c), (d) or (e) above.

Nor will additional amounts be paid with respect to any payment on a Note, Receipt or Coupon to a holder who is a fiduciary, a partnership, a limited liability company or other than the sole beneficial owner of that payment to the extent that payment would be required by the laws of a Tax Jurisdiction (or any political subdivision thereof) to be included in the income, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, a member of that partnership, an interest holder in a limited liability company or a beneficial owner who would not have been entitled to the additional amounts had that beneficiary, settlor, member or beneficial owner been the holder.

As used herein:

- (i) “Tax Jurisdiction” means Republic of Korea or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the “Relevant Date” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16 (*Notices*).

The obligation to pay additional amounts shall not apply to (a) any estate, inheritance, gift, sales, transfer, personal property or any similar tax, assessment or other governmental charge or (b) any tax, assessment or other governmental charge which is payable otherwise than by deduction or withholding from payments of principal of, or interest or premium on, the Notes, Receipts or Coupons; provided that, except as otherwise set forth in these Terms and Conditions and in the Agency Agreement, the Issuer shall pay all stamp and other duties, if any, which may be imposed by the Republic of Korea or the United Kingdom or any respective political subdivision thereof or any taxing authority of or in the foregoing, with respect to the Agency Agreement or as a consequence of the initial issuance of the Notes.

No Agent shall in any event be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 10 or for determining whether such amounts are payable or the amount thereof, nor shall any Agent be responsible or liable for any failure by the Issuer, or the Noteholders or any other person to pay such tax, duty, charges, withholding or other payment or be responsible to provide any notice or information in relation to the Notes in connection with payment of such tax, duty, charges, withholding or other payment.

11. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of five years in the case of principal and three years in the case of interest after the Relevant Date (as defined in Condition 10 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8(b) (*Payments – Presentation of Definitive Bearer Notes, Receipts and Coupons*) or any Talon which would be void pursuant to Condition 8(b) (*Payments – Presentation of Definitive Bearer Notes, Receipts and Coupons*).

12. EVENTS OF DEFAULT

The occurrence and continuance of the following events will constitute events of default (“Events of Default”):

- (a) default in the payment of any interest upon any of the Notes, whether at maturity, upon redemption or otherwise, as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or
- (b) default in the payment of all or any part of the principal of any of the Notes, whether at maturity, upon redemption or otherwise, as and when the same shall become due and payable, whether at maturity, upon acceleration or redemption or otherwise; or

- (c) failure on the part of the Issuer duly to observe or perform any of the other covenants or agreements on the part of the Issuer contained in these Terms and Conditions or in the Agency Agreement for a period of 60 days after the date on which written notice specifying such failure, stating that notice is a “Notice of Default” under these Terms and Conditions and demanding that the Issuer remedy the same, shall have been given by registered or certified mail, return receipt requested, to the Issuer or to Issuer at the office of the Agent by the holders of at least 10% in aggregate principal amount of the Notes at the time outstanding; or
- (d) any External Indebtedness of the Issuer in the aggregate principal amount of US\$15,000,000 or more either (i) becoming due and payable prior to the due date for payment thereof by reason of acceleration thereof following default by the Issuer or (ii) not being repaid at, and remaining unpaid after, maturity as extended by the period of grace, if any, applicable thereto, or any guarantee given by the Issuer in respect of External Indebtedness of any other Person in the aggregate principal amount of US\$15,000,000 or more not being honored when, and remaining dishonored after becoming, due and called, *provided* that, if any such default under any such External Indebtedness shall be cured or waived, then the default under these Terms and Conditions by reason thereof shall be deemed to have been cured and waived; or
- (e) the entry of a decree or order for relief in respect of the Issuer by a court or administrative or other governmental agency or body having jurisdiction in the premises in an involuntary case under any applicable bankruptcy, insolvency, reorganization, rehabilitation, compulsory composition or other similar law in effect on the date of issuance of the first Tranche of the Notes or thereafter, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Issuer or for any substantial part of its property or ordering the winding up, dissolution or liquidation of its affairs, or shall otherwise adjudicate or find the Issuer to be bankrupt or insolvent, and continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or
- (f) the commencement by the Issuer of a voluntary case under any applicable bankruptcy, insolvency, reorganization, rehabilitation, compulsory composition or other similar law in effect on the date of issuance of the first Tranche of the Notes or thereafter, or the Issuer consenting to the entry of an order for relief in an involuntary case under any such law, or consenting to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee or sequestrator (or similar official) of the Issuer for any substantial part of its property, or ceasing to carry on the whole or substantially the whole of its business, or making any general assignment for the benefit of creditors, or entering into any composition with its creditors, or taking corporate action in furtherance of any such action.

If any one or more of the above Events of Default shall occur and be continuing then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 9(g) (*Redemption and Purchase – Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

13. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and Agents may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14. AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be an Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office (outside the United States in the case of Bearer Notes) in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York or London; and
- (d) for so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the “Singapore Stock Exchange”) and the rules of the Singapore Stock Exchange so require, in the event that the Global Note is exchanged for definitive Notes, there will at all times be a Paying Agent in Singapore where the Notes may be presented or surrendered for payment or redemption. In addition, in the event that the Global Note is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the Issuer through the Singapore Stock Exchange and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the Paying Agent in Singapore.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 8(e) (*Payments – General Provisions Applicable to Payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 or more than 45 days’ prior notice thereof shall have been given to the Noteholders by the Issuer in accordance with Condition 16 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent. None of the Agents shall be obliged to take any steps to ascertain whether a Change of Control or an Event of Default has occurred or whether any other party is complying with its obligations under the Conditions or the Agency Agreement, or to monitor or to investigate the occurrence of any Change of Control or Event of Default or whether any other party is complying with its obligations under the Conditions or the Agency Agreement, and none of the Agents shall be liable to the Noteholders, the Issuer or any other person for not doing so.

15. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 11 (*Prescription*).

16. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange (or any other relevant authority) on which the Bearer Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a manner specified by those rules. Any such notice shall be deemed to have been given to the holders of the Notes one day after the day on which the said notice was given to Euroclear and/or Clearstream and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). While any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent or the Registrar through Euroclear and/or Clearstream and/or DTC, as the case may be, in such manner as the Agent, the Registrar and Euroclear and/or Clearstream and/or DTC, as the case may be, may approve for this purpose.

17. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer or Noteholders holding not less than 10% in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50% in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (i) any modification (except as mentioned above) of the Notes, the Receipts, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Receipts, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 16 (*Notices*) as soon as practicable thereafter. Any determination as to prejudice applying to the interests of the Noteholders pursuant to these Conditions shall be made by the Issuer and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination.

The Agency Agreement also provides that quorum and voting requirements for certain resolutions which may affect the Notes of more than one Series shall be deemed to require separate meetings for the holders of such Series so affected.

18. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders, create and issue further notes with the same terms and conditions as the Notes in all respects except for the amount and date of the first payment of interest thereon so that such further issue shall be consolidated and form a single Series with the outstanding Notes; provided that further Notes in registered form must be issued with no more than *de minimis* original issue discount for U.S. federal income tax purposes or constitute a qualified re-opening for U.S. federal income tax purposes.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) *Governing Law*

The Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, the law of the State of New York.

(b) *Submission to Jurisdiction*

The Issuer irrevocably submits to the non-exclusive jurisdiction of any federal or state court located in the Borough of Manhattan, The City of New York, United States of America, in any suit, action or proceeding brought by any Noteholder, Receiptholder or Couponholder arising out of or based upon the Notes, the Receipts/or the Coupons, and irrevocably agrees that all claims in respect of any such suit, action or proceeding may be determined in any such court. The Issuer irrevocably waives, to the fullest extent permitted under applicable law, any objection it may have to the laying of venue in any such court and any claim that any such suit, action or proceeding brought in such a court has been brought in an inconvenient forum. The Issuer hereby appoints Law Debenture Corporate Services Inc., 400 Madison Avenue, 4th Floor, New York, New York 10017, United States of America, as its authorized agent (the "Authorized Agent," which expression shall include any replacement authorized agent) upon whom process may be served in any such suit or proceeding set forth herein, it being understood that the designation and appointment of the Authorized Agent as such authorized agent shall become effective immediately without any further action on the part of the Issuer; provided that if for any reason the Authorized Agent named above ceases to act as Authorized Agent hereunder for the Issuer, the Issuer will appoint another person acceptable to the Dealers in the Borough of Manhattan, The City of New York and the State of New York, as Authorized Agent. The Issuer agrees to take any and all action as may be necessary, including the filing of any and all documents that may be necessary, to maintain such designation and appointment of the authorized agent in full force and effect. If for any reason the appointment of the Authorized Agent shall cease to be in force, the Issuer shall forthwith appoint a new agent to be the Authorized Agent and shall deliver to the Dealers and the Arranger a copy of the new Authorized Agent's acceptance for that appointment within 30 days. Service of process upon the Authorized Agent shall be deemed, in every respect, effective service of process upon the Issuer. The parties hereto each hereby waive any right to trial by jury in any action, proceeding or counterclaim arising out of or relating to the Notes, the Receipts and/or Coupons.

(c) Other Documents

The Issuer has in the Agency Agreement submitted to the jurisdiction of the courts of the State of New York and appointed an agent for service of process on terms substantially similar to those set out in this Condition 19.

20. CURRENCY INDEMNITY

If, under any applicable law and whether pursuant to a judgment being made or registered against the Issuer or in the liquidation, insolvency or analogous process of the Issuer or for any other reason, any payment under or in connection with the Agency Agreement, the Notes, the Receipts or the Coupons, as the case may be, is made or fails to be satisfied in a currency (the “other currency”) other than that in which the relevant payment is expressed to be due thereunder (the “required currency”), then, to the extent that the payment (when converted into the required currency at the rate of exchange (as defined below) on the date of payment or, if it is not practicable for any Noteholder, Receiptholder or Couponholder, as the case may be, to purchase the required currency with the other currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so or, in the case of a liquidation, insolvency or analogous process of the Issuer, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such liquidation, insolvency or analogous process) actually received by any Noteholder, Receiptholder or Couponholder, as the case may be, falls short of the amount due under the terms of the Agency Agreement, the Notes, the Receipts or the Coupons, as the case may be, the Issuer shall, as a separate and independent obligation, indemnify and hold harmless such Noteholder, Receiptholder or Couponholder against the amount of such shortfall.

“Rate of exchange” means the rate at which the relevant Noteholder, Receiptholder or Couponholder, as the case may be, is able on the relevant date in London to purchase the required currency with the other currency and shall take into account any premium and other costs of exchange.

21. WAIVER OF IMMUNITY

To the extent that the Issuer has or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment in aid or otherwise) with respect to itself or any of its property, the Issuer hereby irrevocably waives and agrees not to plead or claim such immunity in respect of its obligations under the Agency Agreement, the Notes, the Receipts or the Coupons, as the case may be.

RISK FACTORS

The Issuer's business and operations are subject to various risks, many of which are beyond its control. If any of the risks described below actually occurs, the Issuer's business, financial condition or results of operations could be seriously harmed.

Risks Relating to the Issuer

The Issuer is a statutory juridical corporation that serves the Government's housing and land policy objectives, and the Government could cause the Issuer to pursue policy objectives that may be against the Issuer's best interests.

The Issuer is a statutory juridical corporation established under the LH Act with the objective of advancing the national economy by enhancing housing quality for Korean citizens and promoting efficiency in land use. The Issuer is directly and indirectly wholly owned and controlled by the Government. Although the Issuer's management is responsible for the Issuer's day-to-day operations, the Government determines the Issuer's material policies and has historically had, and is likely to continue to have, a significant influence on the Issuer's strategies and operations.

The Issuer is under the direct supervision of the Housing and Land Office, the central agency at the MOLIT which formulates all national housing- and land-related policies, and reviews and coordinates plans prepared by various agencies. Under the Act on the Management of Public Agencies of 2007, as amended (the "Act on the Management of Public Agencies"), the MOLIT is responsible for overseeing the establishment of the Issuer's operational objectives, monitoring its operational and financial performance, overseeing its budgeting and approving revisions to its operating plans. In addition, the MOEF is responsible for the review of the financial results of the Issuer and supervises matters concerning the Issuer's compliance with the management guidelines set by the Government. Under the Act on the Management of Public Agencies, the Public Agencies Management Committee (the "PAMC"), which consists of representatives of the Government and nongovernmental experts recommended by the Minister of Economy and Finance and appointed by the President, supervises the management of the Issuer. The Executive Recommendation Committee (the "ERC"), which consists of non-standing directors of the Issuer and other members appointed by the board of directors of the Issuer, recommends a pool of qualified candidates from which the PAMC selects the president of the Issuer, whom the MOLIT then nominates and the President of Korea formally appoints (and whom the President of Korea may also subsequently dismiss). The ERC also recommends a pool of qualified candidates from which the president of the Issuer selects or appoints the standing directors of the Issuer. The ERC recommends another pool of qualified candidates from which the PAMC selects the non-standing directors, whom the MOEF then formally appoints (and whom the MOEF may also subsequently dismiss). See "*Relationship with the Government – Government Ownership and Control.*"

As a corporation owned and controlled by the Government and charged with executing the Government's policies for national development and supply of land and housing, the Issuer does not seek to maximize profits but rather to maintain overall profitability in order to promote its objectives of housing and land development and supply. Furthermore, from time to time, the Issuer may be required to take action in furtherance of public policy considerations and the Government's broader objectives for the land and housing industries, which may not necessarily be in the Issuer's best commercial interests. For example, in January and August 2024, the Government announced plans to increase the supply of housing units, including the number of public rental housing units under the Issuer's public housing management business segment (see "*Relationship with the Government – Major Government Policy Related to Land Development and Housing Supply – Measures to Expand Housing Supply*"), which usually does not generate any profit by virtue of the pricing structure. In addition, Government measures to cool rising housing prices and curb speculative real estate investments may depress sale prices of the Issuer's "*bunyang*" of housing units (which involves preselling housing units via lottery prior to construction and using the proceeds for such pre-sales to fund construction and other costs) from which the Issuer usually derives its profits. Accordingly, there can be no assurance that policy decisions by the Government, which are driven by public policy considerations, will not have a material adverse effect on the Issuer's financial condition and results of operations.

The Issuer regularly incurs significant losses from its public housing management business and relies on profit generated from its other businesses and Government support to maintain its operations and financial viability.

As the Issuer is a Government-owned and controlled statutory juridical corporation with a mandate from the Government to implement the Government's national land and housing policies, the Issuer does not seek to maximize profits but to maintain an overall level of profitability that would enable the Issuer to conduct its ongoing business and maintain its equity base while meeting its financial obligations and making the requisite capital expenditures.

By virtue of the pricing structure in line with the Government policy to aid young people, newlyweds, the elderly and low-income households, the Issuer usually does not generate any profit from its public housing management business. In 2021, 2022, 2023 and the first six months of 2024, the Issuer recorded losses of Won 1,829 billion, Won 1,890 billion, Won 1,826 billion and Won 1,352 billion, respectively, with respect to its public housing management business. While such losses are usually offset through profit generated from its other businesses, the Issuer also relies on Government support in order to maintain its operations and financial viability. The Government provides support to the Issuer in the form of capital contributions (which are intended to cover 10% to 40% of the Issuer's construction costs for public housing management), low-cost, long-term funding from the National Housing and Urban Fund (the "NHUF"), a Government-controlled fund, favorable dividend treatment, subsidies for housing welfare projects, tax benefits and eligibility for guarantee of payment obligations, among others. In particular, under Article 11 of the LH Act, the Government is legally bound to compensate the Issuer for any losses incurred at the end of each financial year with respect to its (i) public housing, (ii) industrial development complex, (iii) public housing management, (iv) multifunctional administrative city and (v) urban development business segments. See "*Relationship with the Government – Government Support.*"

Given the paramount importance of affordable housing and efficient land use in national policy and the Issuer's central role in executing such policy, the Issuer believes that the Government's support will continue. However, the Government is not legally required to compensate the Issuer for losses from businesses outside the scope of Article 11 of the LH Act, and the Issuer's outstanding debt obligations are not backed by the full faith and credit of the Government. Furthermore, there can be no assurance that the level of Government support will be sufficient or such support will be provided on a timely basis and not decrease or cease in the future as a result of the inherent uncertainties in the national budgeting process, which is subject to National Assembly approval, any change in Government policy towards the Issuer, any fiscal or other economic difficulties faced by the Government or for any other reason.

The Issuer has substantial capital requirements, and the Issuer's reliance on long-term indebtedness to repay its existing debt and to fund its significant capital requirements may cause liquidity and financial problems.

Housing and land development projects generally require significant amounts of capital and take several years to be completed, and the Issuer generally generates the bulk of its revenues in advanced stages of project development when it can sell land or housing units. In addition, the Issuer's public housing management projects for low-income households and individuals and other Government-mandated initiatives (such as housing welfare projects) generally do not generate any profit, and the Issuer incurs significant losses for such projects. Therefore, to the extent that there is a high concentration of projects at initial stages and/or loss-making projects such as public housing management or housing welfare projects in a given period, the Issuer has to rely, to a greater degree, on outside financing, rather than operating cash from sales of land and housing units, to meet its capital requirements.

Due in large part to the cost of acquiring more land and constructing more housing units pursuant to various Government policies, the Issuer's capital expenditures and financing requirements have been significant. The Issuer's capital expenditures, which consist of use of raw materials and supplies less capitalized borrowing costs, were Won 21,117 billion, Won 24,251 billion, Won 17,949 billion and Won 7,025 billion in 2021, 2022, 2023 and the first six months of 2024, respectively. In 2021, 2022, 2023 and the first six months of 2024, the Issuer raised Won 4,978 billion, Won 2,534 billion, Won 9,472 billion and Won 2,853 billion, respectively, through bond issues denominated in Won and foreign currencies. The Issuer's long-term financing from NHUF at below-market rates increased by Won 3,932 billion in 2021, Won 5,080 billion in 2022 and Won 310 billion in 2023, with a reduction of Won 976 billion in the first

half of 2024 compared to the end of 2023, which are required to be subordinated in status. As of June 30, 2024, the Issuer's debt-to-equity ratio was 121.5% as measured by the sum of bonds payable and borrowings before considering the effect of hedging transactions as a percentage of shareholders' equity.

The Issuer believes that substantial amounts of additional funds will be required to meet its expected capital requirements in the future in order to undertake the Government's housing and land development projects, such as the Public Housing 500,000 Units initiative and third stage of New City projects. On a cash flow basis, the Issuer has budgeted Won 30.4 trillion, Won 34.0 trillion, Won 36.4 trillion and Won 47.7 trillion for its capital requirements for 2024, 2025, 2026 and 2027, respectively. The budgeted amounts for the Issuer's capital requirements may vary from the actual amounts for a variety of reasons, including changes in the construction plans of the Issuer's housing and land development projects and the timing of such construction, as well as operating cash from sales of land and housing units and capital contributions from the Government, among other factors.

In August 2022, the MOEF announced its Mid- to Long-term Financial Management Plan for Public Institutions (the "Plan") covering the period from 2022 to 2026 and placed the Issuer and 13 other public institutions on a watchlist of public institutions facing financial risk due to their lack of profitability or debt ratio (calculated by dividing total liabilities by total assets) exceeding 200%. The Plan contemplates the Issuer reducing its liabilities by Won 9 trillion over the span of five years by selling certain of its properties and other assets, reducing construction costs and restricting new expenses. The Plan projects that the Issuer's debt ratio will decrease from approximately 220.6% as of December 31, 2023 to 207.1% as of December 31, 2026.

If the Issuer is unable to obtain debt financing for its capital requirements or to refinance its existing debt in sufficient amounts at acceptable rates on a timely basis, or otherwise on commercially acceptable terms or at all, or if cash from operations and/or funds from the NHUF become insufficient to support the Issuer's need for working capital and other capital requirements, the Issuer may be unable to meet its funding requirements or debt repayment obligations, which would have a material adverse effect on the Issuer's business, financial condition and results of operations, as well as the Issuer's ability to pay interest on or principal of the Notes.

The Issuer is subject to various completion risks with respect to its development projects under construction, any of which could give rise to significant delays or additional costs.

The construction of large-scale projects, which takes several years to complete and requires a substantial amount of planning and coordination, is subject to various completion risks. For example, changes in Government policies or demographics, opposition from special interest groups or disputes over land acquisition may result in delays and the need to change project designs at significant expense. Unforeseen circumstances during the land development process, such as discovery of historical artifacts, or unforeseen geographical or environmental conditions or events, including natural disasters, may similarly result in significant delays and cost overruns. In particular, the Issuer does not have insurance coverage for natural disasters, which may cause damages and lead to significant losses and costs in relation to remediation and repair work that must be undertaken by the Issuer under such circumstances. If any delays are realized, the Issuer will be unable to realize revenue from the project until later than anticipated, which, together with any cost overruns, may cause liquidity problems for the Issuer and adversely affect its business, financial condition and results of operations.

The Issuer's land and housing development activities have in the past been, and may continue to be, subject to various lawsuits, as a result of, among other things, disputes relating to land acquisitions and urban planning. In some cases, these lawsuits involve mass tort or other class action type of litigation brought by special interest groups or communities that are affected by the Issuer's construction or other operational activities. There can be no assurance that currently pending or future lawsuits, if determined adversely to the Issuer, will not have a material adverse effect on the Issuer and its business.

The Issuer has significant exposure to the Korean property and land market.

The Issuer generates a substantial proportion of its profits from “*bunyang*” of affordable public housing units and the development of New City projects. *Bunyang* is a process which involves preselling housing units at the initial stage of construction via a lottery and using the proceeds from such presale to fund the construction of the housing complex, whereas New City projects are large-scale residential and commercial community development projects. The price of public housing units are generally 20% to 30% lower than the price private housing units sold via the *bunyang* method.

The Issuer depends on these profits to offset losses from its public housing management and other loss incurring businesses. Although the Issuer has not experienced any material problems in preselling housing units and developing New City projects and recovering its costs of construction, the Issuer’s continued ability to sell housing units and developing New City projects in the future, as well as its ability to generate profit, may be materially affected by many factors beyond its control, such as property market conditions in Korea, the supply of and demand for comparable properties, changes in demographics, the rate of economic growth in Korea and the Government’s land and housing policies, among others. In addition, the volume and pricing of the Issuer’s sales of land and housing units are susceptible to regional variances in Korean real estate markets. For example, the real estate market in the greater Seoul metropolitan area is generally more robust compared to that for other regions.

Starting from the second half of 2022, the residential real estate market in Korea began showing signs of a decline after years of rising prices. The Korea Housing Price Index for the purchase of a residential unit, announced by the Korea Real Estate Board, decreased by 9.2% between June 30, 2022 and June 30, 2023. Such decrease in the residential property market was the primary driver in the Issuer recognizing an operating profit of Won 215 billion in the first half of 2023 compared to an operating profit of Won 932 billion in the first half of 2022 in its public housing business segment. Further declines and the sluggishness in the property market in Korea may force the Issuer to sell public housing units at lower prices in the future, which could adversely affect the Issuer’s ability to generate profit selling public housing units and developing New City developments and have a material adverse effect on the Issuer’s business, financial condition and results of operations.

The Issuer may not be successful in implementing new business strategies.

As part of the Issuer’s overall business strategy, the Issuer has engaged in a two-track strategy of reducing its operational costs while increasing the return of its investments. For example, in recent years, the Issuer has partnered with the private sector on joint land development and housing construction projects to reduce the burden of development and construction costs on the Issuer, while selling unsold *bunyang* housing units to real estate investments trusts to ensure a return on such housing units.

The Issuer also plans to undertake new, or expand existing, projects to diversify its business portfolio and compensate losses it incurs from its public housing management business. Due to their inherent uncertainties, such new and expanded strategic initiatives expose the Issuer to a number of risks and challenges, including the following:

- unanticipated capital expenditures and additional compliance requirements;
- less growth or profit than we currently anticipate with no assurance that such business activities will become profitable;
- failure to identify and enter into alternative business areas in a timely fashion, putting the Issuer at a disadvantage vis-a-vis competitors; and
- failure to hire or retain personnel who are able to supervise and conduct the relevant business activities.

As part of the Issuer's business strategy, particularly in relation to overseas investments, renewable energy and transportation systems, the Issuer may also on a selective basis, seek, evaluate or engage in potential acquisitions, mergers, combinations or other similar opportunities, including with existing or future joint ventures and strategic alliances. The prospects of these initiatives are uncertain, and there can be no assurance that the Issuer will be able to successfully implement or grow new ventures, and these ventures may prove more difficult or costly than the Issuer presently expects. In addition, the Issuer regularly reviews the profitability and growth potential of its businesses. As a result of such review, the Issuer may decide to exit from or reduce the resources that it allocates to new business ventures in the future. There is a risk that these ventures may not achieve profitability or operational efficiencies to the extent that the Issuer presently expects, and the Issuer may fail to recover investments or expenditures it has already made. Any of the foregoing may have a material adverse effect on the Issuer's reputation, business, financial condition, results of operations and cash flows.

The Issuer's business may be adversely affected by legal claims and regulatory actions against it.

The Issuer is subject to the risk of legal claims and regulatory actions in the ordinary course of business, which may expose the Issuer to monetary damages and legal costs, injunctive relief, criminal and civil penalties, sanctions against its management and employees and regulatory restrictions on its operations, as well as reputational harm. See *"– Misconduct by the Issuer's employees and third parties engaged by the Issuer could adversely affect the Issuer's reputation, business, results of operations and financial condition."* As of June 30, 2024, the Issuer was a party in 1,479 legal proceedings for claimed damages of approximately Won 1,047 billion in the aggregate and has set aside legal provision in the amount of Won 280 billion. The majority of these legal proceedings relate to property owners, whose property has been appropriated under eminent domain in land development projects, initiating legal proceedings against the Issuer for additional compensation. See *"Business – Legal Proceedings."*

The Issuer is unable to predict the outcome of the legal claims and regulatory actions against itself and its employees, and the scope of such claims or actions or the total amount in dispute in such matters may increase. Furthermore, adverse final determinations, decisions or resolutions in such matters could encourage other parties to bring related claims and actions against the Issuer. Accordingly, the outcome of current and future legal claims and regulatory actions, particularly those for which it is difficult to assess the maximum potential exposure or the ultimate adverse impact with any degree of certainty, may materially and adversely impact the Issuer's business, reputation, results of operations and financial condition.

Misconduct by the Issuer's employees and third parties engaged by the Issuer could adversely affect the Issuer's reputation, business, results of operations and financial condition.

The Issuer employs approximately 10,000 people, and its business operations are complex, involving many layers of bureaucracy and requiring close coordination with Government agencies and third parties, such as construction companies, contractors and suppliers. While the Issuer has instituted internal controls and procedures to prevent misconduct by its employees and third parties that it engages, the precautions the Issuer has taken to detect, prevent and deter such misconduct may not be sufficient or effective in all cases, and certain employees and third parties may engage in misconduct in their individual capacities.

In March 2021, two non-governmental organizations held a joint press conference to allege that a number of the Issuer's employees had used inside information to speculatively purchase land plots in the Gwangmyeong and Siheung cities in the Gyeonggi province, between 2018 and 2020, before those cities were officially selected by the Government as New City developments in February 2021 after consultations with the Issuer. Following the press conference, the Issuer dismissed 13 employees who were implicated from their positions, and the Government established a Joint Governmental Investigation Team, drawing officials from the MOLIT, the Korean National Police Agency and other government agencies, as well as regional government offices, to examine such alleged purchases by the Issuer's employees and their family members, as well as the land purchases of all of the Issuer's employees and their family members, among other public employees. In total, the Joint Governmental Investigation team identified 17 employees of the Issuer, who were suspected of using inside information to speculatively purchase land plots in the Gwangmyeong and Siheung New City developments during such period, and 31 employees of the Issuer, who were suspected of using inside information to speculatively purchase land plots in other areas. The Issuer has terminated the employment of those who have been arrested and criminally charged with wrongdoing. In the wake of such incident, the Issuer has implemented a series of measures to prevent the reoccurrence of employees using inside information to speculatively purchase land, including establishing a compliance committee and an innovation committee, jointly staffed by the Issuer's employees and outside advisers, to strengthen the Issuer's compliance and governance systems.

In April 2023, the slab roof of the underground parking lot of one of the Issuer's public housing New City project apartment complexes being constructed in Geomdan, Incheon collapsed. A subsequent investigation by the Construction Accident Investigation Committee (the "Committee"), an independent committee of experts appointed by MOLIT, revealed that the parking lot structure had missing steel reinforcement bars, or rebars, and the strength of the concrete did not meet design specifications. The Committee faulted the poor supervision from design to construction of the parking lot as one of the principal reasons for the collapse. In August 2023, based on the results of such investigation and additional investigations by the MOLIT and the Issuer, the MOLIT suspended the business operations of the Geomdan construction consortium between 8 to 10 months and announced plans to seek additional penalties from the relevant regulatory bodies against the consortium's related parties, including project managers, architects and technical experts, ranging from suspension of business operations to cancellation of their business licenses. The MOLIT further announced its plan to refer the architects, contractors and supervisors to the police for investigation for any violation of applicable construction laws.

Concurrent to the investigation by the Committee, the Issuer conducted a survey on all its public housing apartment complexes that utilized the flat-plate slab system in the construction of the underground parking lot between May and July 2023. The survey revealed that out of the 91 public housing apartment complexes that utilized the flat-plate slab system, 20 apartment complexes had missing rebars. The Issuer is currently examining an additional 11 complexes that may be affected. In August 2023, the Issuer announced plans to complete remedial work on such affected public housing apartment complexes by the end of September 2023 and establish a special task force to review its contractor selection and evaluation process, including whether any favoritism was given to companies which had hired former senior employees of the Issuer. It is expected that MOLIT will announce measures sometime in October 2023 to address issues related to favoritism towards former senior employees of the Issuer in the construction industry. The Issuer has referred 91 companies, consisting of 50 construction related companies and 41 supervision related companies, connected to the affected public housing apartment complexes to the police for investigation, and the police has executed search warrants on certain of such companies and the Issuer. As of the date of the Offering Circular, the Issuer does not know whether it, or any of its employees, is a target of such investigation, and the Issuer is currently assessing the legal, regulatory and financial liabilities, if any, it may face from owners and tenants of the affected public housing apartment complexes and the Government.

Any misconduct by the Issuer's employees or third parties engaged by the Issuer could expose the Issuer to liability from homeowners and tenants of its public housing units. Fraudulent or unauthorized transactions by the Issuer's employees or third parties by the Issuer that exceed authorized limits or present unacceptable risks that bind the Issuer may also expose the Issuer to additional liability. Misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm. Any instances of misconduct by the Issuer's employees or third parties engaged by the Issuer could adversely affect the Issuer's reputation, business, results of operations and financial condition.

The Issuer plans to pursue international expansion opportunities that may subject it to different or greater risk from those associated with its domestic operations.

While the Issuer's operations have, to date, been primarily based in Korea, the Issuer plans to expand, on a selective basis, its overseas operations in the future as part of its growth strategy. In June 2018, the Issuer was one of the founding shareholders in the establishment of Korea Overseas Infrastructure & Urban Development Corporation ("KIND"), a statutory juridical corporation under the Overseas Construction Promotion Act, which was established by the Government to proactively support global public-private partnership businesses in transportation, urban development, energy, industrial plants, water resources and environment. KIND is wholly owned by the Government, and the Issuer is the second largest shareholder after the Government with a 7.07% equity interest as of December 31, 2023. As part of its overseas strategy, the Issuer plans to pursue overseas advisory and investment opportunities directly or through KIND. In addition to advisory and investment opportunities through KIND, the Issuer has its own portfolio of overseas business, which largely consists of exporting its knowledge and know-how accumulated over the years to build residential and industrial complexes and "smart" cities in foreign countries in collaboration with the governments of such countries. See "*Business – "Other" Business Segment – Overseas Land Development Projects.*"

The Issuer is subject to political, legal and regulatory environments in these countries, some of which are known to be unstable, and differ in certain significant respects from those prevailing in developed countries. The Issuer's operations abroad require management attention and personnel resources. Overseas operations generally carry risks that are different from those the Issuer faces in its domestic operations. These risks include:

- changes in international and domestic political and economic conditions as well as social conditions;
- challenges caused by distance, language, local business customs and cultural differences;
- local labor relation issues which could lead to significant work stoppages and labor unrest;
- changes in laws, regulations or governmental policies, or in the interpretation or enforcement thereof, including those affecting taxes, labor, environmental compliance and foreign investments;
- difficulty and costs relating to compliance with the different commercial and legal requirements, including obtaining licenses, permits or other regulatory approvals from local authorities and in enforcing the Issuer's rights under contracts;
- risk of expropriation and exercise of sovereign immunity where the counterparty is a foreign government;
- fluctuations in foreign currency exchange rates;
- foreign exchange controls and cash repatriation restrictions;
- military hostilities or acts of terrorism; and
- natural disasters, including earthquakes, tsunamis and landslides, and pandemics, including the COVID-19 pandemic, or outbreaks of infectious diseases.

Any failure by the Issuer to recognize or respond to these differences may adversely affect the success of the Issuer's operations in those markets, which in turn could materially and adversely affect the Issuer's business and results of operations.

Risks Relating to Korea

Unfavorable financial and economic conditions in Korea and globally may have a material adverse impact on the Issuer's asset quality, liquidity and financial performance.

The Issuer is incorporated in Korea, where most of its assets are located and most of its income is generated, and serves as an execution arm of the Government to implement the Government's national land and housing policies. Accordingly, the Issuer is subject to political, economic, legal and regulatory risks specific to Korea, and its business, results of operations and financial condition are substantially dependent on developments relating to the Korean economy and housing market.

Furthermore, the Korean economy is closely tied to developments in the global economy. In light of the high level of interdependence of the global economy, any future deterioration of the global economy could have a material adverse effect on the Korean economy and housing market, and in turn on our business, results of operations and financial condition.

Developments that could have an adverse impact on the Korean economy include:

- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of the war between Russia and Ukraine and economic and trade tensions between the United States and China;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the U.S. dollar, the Euro or the Japanese Yen exchange rates or revaluation of the Chinese Renminbi), interest rates or stock markets;
- rising inflationary pressures leading to increases in the costs of goods and services and a decrease in purchasing power;
- the use of monetary policies, including increasing the policy interest rate, to curb rising levels of inflation and household debt to the extent such policies may increase recessionary pressures;
- declines in consumer confidence and a slowdown in consumer spending in the Korean or global economy;
- geopolitical tensions involving Russia due to the war with Ukraine and the imposition of economic sanctions on Russia resulting in adverse effects on the global economy, including disruptions to the global supply of oil, gas and grain;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy;
- increased sovereign default risk in select countries and the resulting adverse effects on the global financial markets;
- deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Government's policies to increase the minimum wage and limit the working hours of employees;
- investigations of large Korean business groups and their senior management for possible misconduct;
- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;
- shortages of imported raw materials, natural resources, rare earth minerals or component parts due to disruptions to the global supply chain;
- social and labor unrest;
- substantial changes in the market prices of Korean real estate;
- the economic impact of any pending or future free trade agreements or changes in existing free trade agreements;
- a decrease in tax revenue and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs that, together, would lead to an increased Government budget deficit;

- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues at certain Korean companies;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- geopolitical uncertainty and the risk of further attacks by terrorist groups around the world;
- the occurrence of severe health epidemics in Korea or other parts of the world, such as the COVID-19 pandemic;
- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners;
- political uncertainty or increasing strife among or within political parties in Korea;
- hostilities or political or social tensions involving oil producing countries, such as in the Middle East (including further escalation of hostilities involving Israel and surrounding countries and organizations in the Middle East, such as Iran and Hezbollah, following the Israel-Hamas war), North Africa and Russia, and any material disruption in the global supply of oil or sudden increase in the price of oil; and
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States.

Escalations in tensions with North Korea could have an adverse effect on the Issuer and the market value of the Notes.

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns over the years stemming from North Korea's nuclear weapons and ballistic missile programs as well as its hostile military actions against Korea. In January 2003, North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty and has conducted several rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs, which are more powerful than plutonium bombs, and warheads that can be mounted on ballistic missiles. In addition, North Korea has also conducted a series of ballistic missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In addition, the United Nations, the United States and the European Union have expanded the scope of sanctions applicable to North Korea.

Further tensions in North Korean relations could develop due to a leadership crisis, breakdown in high-level inter-Korea contacts or military hostilities. North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea. Alternatively, tensions may be resolved through reconciliatory efforts, which may include peace talks, alleviation of sanctions or reunification. There can be no assurance that a final resolution on North Korea's nuclear weapons and ballistic missile programs will be reached or that the level of tensions between Korea and North Korea will not escalate. Any further increase in tensions could have a material adverse effect on the Korean economy and the Issuer's business, financial condition and results of operations, as well as a downgrade in the credit rating of Korea, the Issuer or the Notes.

There are special risks involved with investing in securities of Korean companies, including the possibility of restrictions being imposed by the Government in emergency circumstances.

As the Issuer is a Korean company operating in a business and political environment that is different from that of other countries, there are risks associated with investing in securities that are not typical for investments in securities of companies in other jurisdictions.

Under the Foreign Exchange Transactions Act of Korea and the Presidential Decree and regulations under the Act and Decree (collectively referred to as the “Foreign Exchange Transactions Laws”), if the Government deems that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilizing the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restriction such as requiring Korean or foreign investors to obtain prior approval from the Minister of Economy and Finance for the acquisition of Korean securities or for the repatriation of interest, dividends or sales proceeds arising from Korean securities or from disposition of such securities or other transactions involving foreign exchange. Moreover, if the Government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden changes in domestic or foreign economic circumstances or similar events or circumstances, the Minister of Economy and Finance may temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transactions Laws apply (including suspension of payment and receipt of foreign exchange) or impose an obligation to deposit or sell any means of payment to the Bank of Korea or certain other Governmental agencies or financial institutions.

The Issuer is subject to Korean accounting, regulatory, corporate governance and disclosure standards, which may differ from those applicable to companies in other countries.

Companies in Korea, including the Issuer, are subject to Korean accounting standards and disclosure requirements, which differ in significant respects from those applicable to companies in certain other countries, including the United States. The Issuer’s financial statements are prepared in accordance with Government Accounting Standards and K-IFRS, which may differ in certain respects from IFRS as issued by the IASB. In addition, the Issuer is subject to corporate governance standards applicable to Korean companies which differ in many respects from standards applicable in other countries. There may also be less publicly available information about Korean companies, particularly for not-publicly-held companies such as the Issuer, than is regularly made available by public or non-public companies in other countries. Such differences in accounting and corporate governance standards as well as less available public information could result in less than satisfactory corporate governance practices or disclosure to investors.

You may not be able to enforce a judgment of a foreign court against the Issuer.

The Issuer is a statutory juridical corporation organized under the laws of Korea. Substantially all of the Issuer’s directors and officers and other persons named in the Offering Circular reside in Korea, and all or a significant portion of the assets of the Issuer’s directors and officers and other persons named in the Offering Circular and substantially all of its assets are located in Korea. As a result, it may not be possible for investors to effect service of process within the United States, or to enforce against them or the Issuer in the United States judgments obtained in United States courts based on the civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities predicated on the United States federal securities laws.

Risks Relating to the Notes

The Notes are not guaranteed by the Republic of Korea.

The Notes are not the obligations of, or guaranteed by, the Republic of Korea. Although the Government is legally bound to compensate the Issuer for any losses incurred at the end of each financial year with respect to its (i) public housing, (ii) industrial development complex, (iii) public housing management, (iv) multifunctional administrative city and (v) urban development business segments under Article 11 of the LH Act, the Government is under no obligation to compensate the Issuer for its other indebtedness or to maintain the solvency of the Issuer. Therefore, investors should not rely on the Government to fulfill the Issuer’s obligations under the Notes in the event the Issuer is unable to do so.

The Notes are unsecured obligations.

Because the Notes, when issued, will be unsecured obligations, the Issuer's ability to pay interest or principal on the Notes may be adversely affected if the Issuer enters into bankruptcy, liquidation, reorganization or other similar proceedings, the Issuer defaults under its future secured indebtedness or other unsecured indebtedness, or the Issuer's indebtedness becomes accelerated. If any of the foregoing events occurs, the Issuer's assets may not be sufficient to pay all the amounts due upon the occurrence of such event and holders of the Notes will be unsecured creditors of the Issuer.

The Notes are subject to transfer restrictions.

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws. In addition, subject to the conditions set forth in the Agency Agreement (as defined in "*Terms and Conditions of the Notes*"), a Note may be transferred only if the principal amount of Notes transferred is at least US\$200,000. Under certain conditions and if so set forth in the applicable Pricing Supplement, a Note may be transferred only if the principal amount of Notes transferred is at least €100,000 or the equivalent in another foreign currency.

For a further discussion of the transfer restrictions applicable to the Notes, see "*Subscription and Sale and Transfer and Selling Restrictions*."

The regulation or reform of certain benchmark rates may adversely affect the value of Notes linked to or referencing such benchmark rates.

In March 2021, the U.K. Financial Conduct Authority (the "FCA"), which has regulatory authority with respect to LIBOR, announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative (i) after December 31, 2021 in the case of all Sterling, Euro, Swiss franc and Japanese yen settings and the one-week and two-month U.S. dollar settings and (ii) after June 30, 2023 in the case of the remaining U.S. dollar settings. In April 2023, the FCA announced that the ICE Benchmark Administration, the administrator of LIBOR, will publish one-, three- and six-month U.S. dollar settings on the basis of an unrepresentative synthetic methodology until September 30, 2024.

In light of the transition away from LIBOR, the Secured Overnight Financing Rate ("SOFR") has been identified by the Alternative Reference Rates Committee convened by the Board of Governors of the U.S. Federal Reserve System and the Federal Reserve Bank of New York as the preferred alternative benchmark reference rate for LIBOR and differs from LIBOR in many respects, including its basis on actual observed transactions in the U.S. treasury market as opposed to LIBOR's usage of estimations of borrowing rates. While there are a number of international working groups focused on transition plans and the provision of fallback contract language that seek to minimize market disruption, replacement of LIBOR or any other benchmark with a new benchmark rate, such as SOFR, could adversely impact the value of and return on financial instruments and contracts, including the Notes. Moreover, replacement of LIBOR or other benchmark rates could result in market dislocations and have other adverse consequences for market participants, including the potential for increased costs, and litigation risks, including the potential for disputes with counterparties regarding the interpretation and enforceability of fallback contract language in LIBOR-based financial instruments and contracts, including the Notes.

As a result, the elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Terms and Conditions (as further described in Condition 6 of the Terms and Conditions of the Notes), or result in adverse consequences to holders of any Notes linked to such benchmark (including Floating Rate Notes whose interest rates are linked to EURIBOR, SOFR or any other such benchmark that is subject to reform). Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark. Any such consequences could have a material adverse effect on the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the benchmark regulation reforms or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes linked to or referencing a benchmark.

The market continues to develop in relation to SOFR as a reference rate for Floating Rate Notes.

The Floating Rate Notes to be issued pursuant to the Terms and Conditions of the Notes may have interest rates linked to SOFR as described in Condition 6 of the Terms and Conditions of the Notes. Investors should be aware that the market continues to develop in relation to SOFR as a reference rate in the capital markets and its adoption as an alternative to U.S. dollar LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SOFR, including term SOFR reference rates (which seek to measure the market's forward expectation of an average SOFR rate over a designated term). The nascent development of Compounded Daily SOFR rates as an interest reference rate for the bond markets, as well as continued development of SOFR based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The use of Compounded Daily SOFR as a reference rate for bonds continues to develop both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing Compounded Daily SOFR. In particular, investors should be aware that several different SOFR methodologies have been used in SOFR linked notes issued to date and no assurance can be given that any particular methodology, including the compounding formula in the terms and conditions of the Notes, will gain widespread market acceptance.

The manner of adoption or application of SOFR reference rates in the bond markets may differ materially compared with the application and adoption of SOFR in other markets, such as the derivatives and loan markets. Noteholders should carefully consider how any mismatch between the adoption of SOFR reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing Compounded Daily SOFR.

There is no existing trading market for the Notes and, therefore the Notes offer limited liquidity.

The Notes, when issued, will constitute a new issue of securities for which there will be no existing trading market. Although the Dealers have advised the Issuer that they currently intend to make a market in the Notes, they are not obligated to do so, and any market-making activity with respect to the Notes, if commenced, may be discontinued at any time without notice.

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued depending on many factors, including:

- prevailing interest rates;
- the Issuer's results of operations and financial condition;
- the rate of exchange between Won and the currency of the Notes;
- political and economic developments in and affecting Korea and other regions;
- the market conditions for similar securities; and
- the financial condition and stability of the Korean financial and other sectors.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be: (a) applied by the Issuer for its general corporate purposes, (b) refinancing of existing indebtedness and/or (c) such other purposes as may be specified in the relevant Pricing Supplement.

EXCHANGE RATES

The following table sets forth, for the periods and dates indicated, certain information concerning the Market Average Exchange Rate in Won per US\$1.00. No representation is made that the Won or the U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

Year Ended December 31,	At End of Period	Average ⁽¹⁾	High	Low
		<i>(Won per US\$1.00)</i>		
2019	1,157.8	1,165.7	1,218.9	1,111.6
2020	1,088.0	1,180.1	1,280.1	1,082.7
2021	1,185.5	1,144.4	1,199.1	1,083.1
2022	1,267.3	1,292.0	1,436.6	1,185.5
2023	1,289.4	1,305.4	1,360.6	1,219.3
2024 (through October 4)	1,320.1	1,352.4	1,395.3	1,289.4
April	1,378.7	1,367.8	1,395.3	1,346.8
May	1,376.5	1,365.4	1,378.5	1,349.4
June	1,389.2	1,380.1	1,390.1	1,366.9
July	1,384.6	1,383.4	1,389.4	1,376.3
August	1,335.3	1,354.2	1,380.1	1,323.9
September	1,319.6	1,334.8	1,344.3	1,319.6
October (through October 4)	1,320.1	1,313.5	1,320.1	1,306.9

Source: Seoul Money Brokerage Services, Ltd.

Note:

(1) Represents the average of the daily Market Average Exchange Rates over the relevant period.

CAPITALIZATION

The following table sets forth the Issuer's capitalization as derived from the Issuer's reviewed consolidated financial statements as of June 30, 2024 included in the Offering Circular and should be read in conjunction therewith, along with the notes related thereto.

	As of June 30, 2024
	<i>(in billions of Won)</i>
LONG-TERM DEBT:	
Long-term borrowings (excluding current portion)	₩ 44,133
Bonds (excluding current portion)	36,553
Total long-term debt.	₩ 80,686
SHAREHOLDERS' EQUITY:	
Issued capital	₩ 48,701
Discount on stock issuance	(11)
Retained earnings	24,245
Other components of equity	(30)
Equity attributable to the shareholders of the parent	72,906
Non-controlling interests	5
Total equity	72,911
Total capitalization ⁽¹⁾⁽²⁾	₩153,597

Notes:

- (1) Total capitalization is defined as the sum of long-term debt and total equity.
- (2) There has been no material change in the Issuer's capitalization since June 30, 2024.

SELECTED FINANCIAL INFORMATION AND OTHER DATA

The following tables present selected financial information and other data as of and for the years ended December 31, 2021, 2022 and 2023 and as of June 30, 2024 and for the six months ended June 30, 2024 and 2023. The selected financial information and other data below have been derived from and should be read together with the Issuer's audited consolidated financial statements as of and for the years ended December 31, 2021, 2022 and 2023, and the Issuer's reviewed consolidated financial statements as of June 30, 2024 and for the six months ended June 30, 2023 and 2024 and the notes related thereto included elsewhere in the Offering Circular.

The Issuer's audited consolidated financial statements as of and for the years ended December 31, 2021, 2022 and 2023, and the Issuer's reviewed consolidated financial statements as of June 30, 2024 and for the six months ended June 30, 2023 and 2024, each included in the Offering Circular, have been prepared in accordance with Government Accounting Standards and K-IFRS. The Issuer's reviewed consolidated financial statements as of June 30, 2024 and for the six months ended June 30, 2024 should not be taken as an indication of the expected financial condition and results of operations of the Issuer as of and for the full year ended December 31, 2024.

Selected Statement of Comprehensive Income Data

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2021	2022	2023	2023	2024
	<i>(in billions of Won, except per share data)</i>				
Sales	₩27,346	₩19,626	₩13,884	₩5,323	₩9,570
Cost of sales	(21,039)	(17,195)	(13,255)	(5,246)	(8,576)
Gross profit	6,307	2,432	629	76	993
Selling and administrative expenses . . .	(658)	(619)	(585)	(393)	(437)
Operating profit	5,649	1,813	44	(316)	557
Other income	803	1,028	2,047	741	1,122
Other expenses	(508)	(421)	(581)	(268)	(321)
Others	(19)	(38)	(4)	(1)	(1)
Finance income	205	382	469	244	212
Finance costs	(490)	(713)	(1,035)	(498)	(581)
Share of income (loss) to associates and joint ventures	(49)	(53)	(44)	(2)	15
Profit before tax	5,591	1,998	896	(96)	1,003
Income tax expense	(1,428)	(565)	(380)	(29)	(210)
Profit(loss) for the period	4,163	1,433	516	(126)	793
Other comprehensive income (loss) for the period, net of tax.	89	69	(42)	3	(37)
Total comprehensive income(loss) for the period, net of tax.	<u>₩ 4,252</u>	<u>₩ 1,501</u>	<u>₩ 473</u>	<u>₩ (122)</u>	<u>₩ 756</u>

Selected Statement of Financial Position Data

	As of December 31,			As of June 30,	
	2021	2022	2023	2023	2024
	(in billions of Won)				
Assets:					
Cash and cash equivalents	₩ 5,236	₩ 2,760	₩ 2,409	₩ 2,814	₩ 1,769
Inventories	72,743	77,619	83,288	83,036	83,400
Other current assets ⁽¹⁾	9,124	10,533	10,579	9,109	11,922
Investment properties	106,430	113,610	119,434	116,627	121,050
Other non-current assets ⁽²⁾	8,117	9,127	7,147	8,464	7,122
Total assets	₩201,650	₩213,649	₩222,857	₩220,048	₩225,262
Liabilities and shareholders' equity:					
Current portion of financial liabilities. .	₩ 4,209	₩ 6,300	₩ 6,665	₩ 6,500	₩ 7,870
Other current liabilities ⁽³⁾	49,840	52,670	54,047	52,350	52,166
Non-current financial liabilities	71,050	75,387	81,716	78,950	80,782
Other non-current liabilities ⁽⁴⁾	13,789	12,260	10,419	13,438	11,534
Total liabilities	138,888	146,617	152,847	151,238	152,351
Total equity	62,762	67,032	70,010	68,811	72,911
Total liabilities and equity	₩201,650	₩213,649	₩222,857	₩220,048	₩225,262
Net working capital ⁽⁵⁾	33,053	31,941	35,564	36,108	37,054

Other Financial Data

	As of and for the year Ended December 31,			As of and for the six months Ended June 30,	
	2021	2022	2023	2023	2024
	(in billions of Won, except percentages)				
Capital expenditures ⁽⁶⁾	₩21,117	₩24,251	₩17,949	₩10,221	₩7,025
Depreciation and amortization	1,265	1,356	1,489	745	795
Cash flow provided by (used in)					
operating activities	4,340	1,513	(2,280)	(3,002)	1,335
Cash used in investing activities	(10,230)	(13,096)	(7,335)	(2,423)	(4,154)
Cash flow used in financing					
activities	9,195	9,319	9,291	5,563	2,249
Margins (as percentages of revenue)					
Gross profit margin (%) ⁽⁷⁾	23.1%	12.4%	4.5%	1.4%	10.4%
Operating profit margin (%) ⁽⁸⁾	20.7%	9.2%	0.3%	(5.9%)	5.8%
Net profit margin (%) ⁽⁹⁾	15.2%	7.3%	3.7%	(2.4%)	8.3%
Debt to equity ratio (%) ⁽¹⁰⁾	119.9%	121.8%	126.1%	124.1%	121.5%
Net debt to equity ratio (%) ⁽¹¹⁾	111.5%	117.6%	122.7%	120.0%	119.0%
Total liabilities to equity ratio					
(%) ⁽¹²⁾	221.3%	218.7%	218.3%	219.8%	209.0%

Notes:

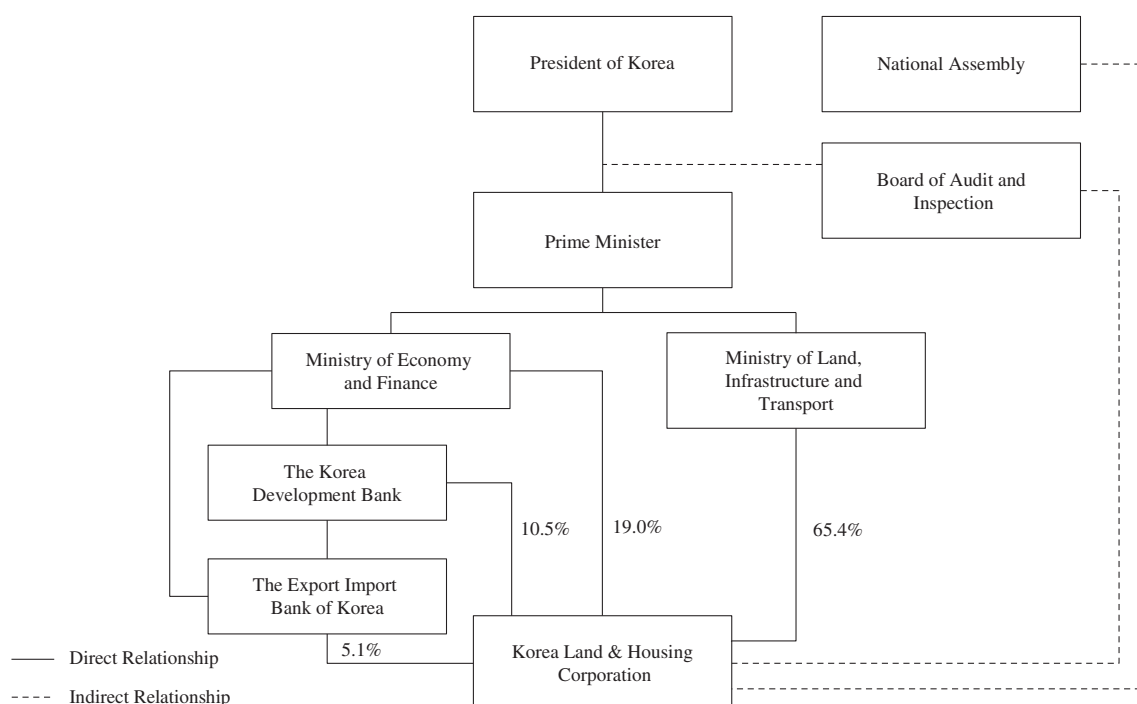
- (1) Other current assets consist of current financial assets, trade and other receivables, income tax assets, current non-financial assets, and assets classified as held-for-sale.
- (2) Other non-current assets consist of non-current financial assets, long-term trade and other receivables, property, plant and equipment, intangible assets excluding goodwill, investments in associates, deferred tax assets and non-current non-financial assets.
- (3) Other current liabilities consist of trade and other payables, income tax payable, current non-financial liabilities and current provisions.
- (4) Other non-current liabilities consist of long-term trade and other payables, non-current non-financial liabilities, net employee defined benefit liabilities, deferred income tax liabilities and non-current provisions.
- (5) Net working capital means current assets minus current liabilities.
- (6) Capital expenditures consist of use of raw materials and supplies less capitalized borrowing costs.
- (7) Gross profit margin equals gross profit as a percentage of total revenue.
- (8) Operating profit margin equals operating profit as a percentage of total revenue.
- (9) Net profit margin equals profit for period as a percentage of total revenue.
- (10) Debt-to-equity ratio equals the sum of bonds payable (net of discount), long-term borrowings (net of discount) (including the current portion), short-term borrowings and government grants divided by total shareholders' equity, expressed as a percentage.
- (11) Net debt-to-equity ratio equals the sum of (i) (x) the sum of bonds payable (net of discount), long-term borrowings (net of discount) (including the current portion), short-term borrowings and government grants less (y) cash and cash equivalents, divided by (ii) total equity, expressed as a percentage.
- (12) Total liabilities-to-equity ratio equals total liabilities divided by total equity, expressed as a percentage.

RELATIONSHIP WITH THE GOVERNMENT

Government Ownership and Control

The Issuer was established by the Government as a statutory juridical corporation under the LH Act in 2009 following the merger of KNHC and KLC. The Issuer is the Government's principal instrumentality in carrying out national land and housing policies. Under the LH Act, the Government is required to own, and currently owns, directly and indirectly 100% of the Issuer's equity. The President of Korea appoints the Issuer's president and auditor, the president of the Issuer appoints and removes the Issuer's standing directors, and the Minister of Economy and Finance appoints and removes the Issuer's non-standing directors. See "*Management.*" Accordingly, the Government exerts significant influence on the Issuer's management and operations. The MOLIT and the MOEF are the primary supervisory regulators of the Issuer, and the Issuer works closely with the MOLIT and the MOEF in carrying out its statutory objectives and Government policies relating to land and housing.

Under Article 4 of the LH Act, the Issuer is fully capitalized by the Government and the Issuer's authorized capital is Won 50 trillion. As of June 30, 2024, 84.4% of the Issuer's shares were held directly by the Government and 10.5% and 5.1% of the Issuer's shares were held by The Korea Development Bank and The Export-Import Bank of Korea, respectively, which are directly and indirectly owned by the Government. The chart below illustrates the ownership and supervisory structures of the Issuer as of June 30, 2024.



Under the LH Act, the Government maintains full control over the management, policies and operations of the Issuer. Under Article 23 of the LH Act, the MOLIT guides and supervises the overall operations of the Issuer. Based on the Act on the Management of Public Institutions, which governs all Government-controlled enterprises in which the Government owns 50% or more of the paid-in capital, the MOLIT is responsible for overseeing the establishment of the Issuer's business objectives, monitoring its operational and financial performance, overseeing its budgeting and approving changes to its operating plans. The Issuer develops execution plans to implement the general policy objectives established by the MOLIT. In addition, based on the Act on the Management of Public Institutions, the MOEF is responsible for overseeing the changes to the Issuer's operational objectives, actual results of operations, budgeting and operating plans, as well as evaluating the Issuer's operating results and financial performance and matters related to its management.

In addition, the Board of Audit and Inspection (the “BAI”), an independent Government agency that audits all governmental agencies and Government-controlled entities, reviews the Issuer’s budget, audits its financial statements and conducts an annual business audit. Furthermore, the Issuer’s budget is reported to the MOEF and the MOLIT as well as the BAI. The actual performance of the Issuer is reported to the National Assembly of Korea, the MOEF and the MOLIT. In addition, the Issuer is subject to inspections and investigations by the National Assembly according to the Act on the Inspection and Investigation of State Administration. Furthermore, the Government’s direct financial support of the Issuer is subject to prior authorization by the National Assembly of Korea as part of the national budget approval process.

Various laws grant the Issuer exclusive rights and powers to purchase and develop land, including expropriation of land for property projects. The Issuer also acts as agent of the Government for processing payments for land acquired by the Government. In addition, the Issuer acts as compensation agent in cases of land expropriation for the Government and local authorities in connection with public projects.

LH Innovation Plan

In June 2021, the Government proposed a plan (the “LH Innovation Plan”) to implement measures to strengthen internal controls and prevent the reoccurrence of the Issuer’s employees utilizing inside information to speculatively purchase land. See *“Risk Factors – Risks Relating to the Issuer – Misconduct by the Issuer’s employees could adversely affect the Issuer’s reputation, business, results of operations and financial condition.”* Such measures include requiring all of the Issuer’s employees to report their real estate holdings, reviewing employee’s real estate transaction on an annual basis and returning the survey and selection process of New City and other land developments solely to MOLIT. The LH Innovation Plan also called for overlapping functions of the Issuer and other public entities to be streamlined and for the Issuer’s workforce to be downsized by more than 20%. The Issuer’s functions related to facility certifications and safety impact assessments are to be transferred to the Korea Institute of Civil Engineering and Building Technology, while certain of the Issuer’s information related functions are to be transferred to the Korea Cadastral Survey Corp. and the Korea Real Estate Board. Overseas investments, other than government to government projects, are to be suspended and overseas consulting services are to be transferred to KIND. In addition, the LH Innovation Plan called for further consultations on the possible restructuring of the Issuer to divide the land, housing and welfare functions of the Issuer. The LH Innovation Plan proposed either splitting the Issuer into two sister entities consisting of a land entity and a housing and welfare entity or a welfare entity and land and housing entity or spinning off the land and housing functions as a subsidiary entity of a parent welfare entity. While the Issuer has implemented many of the measures proposed in the LH Innovation Plan, certain of these measures, such as the structural reorganization of the Issuer, require legislative or administrative approvals and are subject to further discussion and review by the Government. Accordingly, the implementation of the LH Innovation Plan, as originally proposed, is subject to change and may not be fully implemented.

In December 2023, the MOLIT announced another LH Innovation Plan and a new Plan to Dismantle the Construction Cartel in response to the collapse of the slab roof of the underground parking lot of one of the Issuer’s public housing New City project apartment complexes in Geomdan, Incheon in April 2023. See *“Risk Factors – Risks Relating to the Issuer – Misconduct by the Issuer’s employees and third parties engaged by the Issuer could adversely affect the Issuer’s regulation, business, results of operation and financial condition.”* These plans, prompted by a presidential directive in August 2023, aim to prevent similar incidents from reoccurring and focuses on removing the Issuer’s centralized control over public housing and dismantling cartels prevalent in the construction industry.

The LH Innovation Plan called for introducing competition in public housing by allowing private companies to supply housing units directly under their own brands, rather than being subcontracted by the Issuer. It also aims to reduce the Issuer’s control over public housing by (i) moving the function of bidding and selection of contractors, including the selection of design, construction and supervision companies, to the Public Procurement Service and (ii) restricting contractors who hire former employees of the Issuer, with seniority of manager or higher, from bidding on the Issuer’s projects. In addition, the Plan called for the disclosure of the structural plans of public housing complexes to third-party experts for examination and the public for scrutiny, with a “one strike out” policy, meaning contractors who are found to be in violation of key safety criteria will be excluded from future projects.

The Plan to Dismantle the Construction Cartel called for (i) revamping the construction supervision system, (ii) preventing substandard design of construction plans (iii) strengthening on-site supervision of construction sites and (iv) reorganizing the construction industry to focus on safety and quality.

As part of the implementation of the LH Innovation Plan, the MOLIT announced in March 2024 that the function of bidding and selection of contractors, including the selection of design, construction and supervision companies for public housing projects would be transferred to the Public Procurement Service, effective April 1, 2024. the MOLIT also announced that companies employing retirees with seniority of manager or higher from the Issuer or the Public Procurement Service will be disqualified from winning contracts. The bidding evaluation system has also been revised to impose heavy penalties on companies that have been fined for safety-related violations, such as defects in key structural components like pillars, within six months prior to the bidding process, making it significantly harder for them to win contracts.

Government Support

The Government provides support to the Issuer in various ways, including the following:

- *Capital contributions.* Under Article 4 of the LH Act, the Issuer's authorized capitalization is Won 50 trillion, all of which is to be contributed by the Government. Since its inception in 2009, the Issuer has received capital contributions (including the initial paid-in-capital) from the Government in the aggregate amount of Won 41.1 trillion, and from The Korea Development Bank and The Export-Import Bank of Korea, which are directly and indirectly owned by the Government, in the aggregate amount of Won 7.6 trillion, as of June 30, 2024. Such capital contributions are primarily designed to cover 30% of the costs incurred by the Issuer in connection with the Issuer's public housing management business for young people, newlyweds, the elderly and low-income households for which pricing is deliberately set at a low level.
- *Low-cost funding through the NHUF.* The Issuer is entitled to source long-term funding at below-market interest rates from the NHUF, which is supervised by the Government. In 2021, 2022 and 2023, the Issuer's borrowings from the NHUF increased by Won 3,932 billion, Won 5,080 billion and Won 310 billion, respectively. In the first six months of 2024, borrowings were reduced by Won 976 billion compared to the end of 2023. The term of loans from the NHUF can be up to 45 years, and the Issuer may make only interest payments for the first 30 years on such loans, with the principal amortized over the remaining 15 years. The interest rates payable on the NHUF loans are generally below-market rates and are determined in accordance with the National Finance Act. In addition, under Article 9 of the LH Act, the Issuer's borrowings from NHUF are mandatorily treated as subordinated debt, which has the effect of further reducing the cost of borrowing for the Issuer's senior debt to third parties. From time to time, the NHUF also purchases bonds issued by the Issuer, which helps to ensure a certain level of liquidity for the Issuer's bonds.
- *Loss compensation for eligible projects.* Under Article 11 of the LH Act and the Presidential Decree thereunder, the Issuer is entitled to receive compensation from the Government for losses incurred by the Issuer in connection with certain eligible public projects (with the Issuer's public housing management business representing the main source of loss) as designated by the Presidential Decree in the event that the Issuer fails to maintain an overall level of profitability for a given year. Currently, these eligible projects relate to the following five of the Issuer's seven operating segments: (i) public housing, (ii) industrial development complex, (iii) public housing management, (iv) multifunctional administrative city and (v) urban development business segments. The Issuer is required to segregate these operating segments for accounting purposes. Since the Issuer has remained profitable since its inception in 2009, the Issuer has not yet applied for loss compensation for these projects yet. The Issuer is the only non-financial Government-controlled enterprise in Korea that is statutorily entitled to receive loss compensation from the Government.

- *Favorable dividend policy.* The Government is entitled to collect dividends from Government-controlled enterprises in which it has an equity interest. However, the Government has applied reduced dividend payout ratios of 20.0% for the Issuer in respect of fiscal years 2021, 2022 and 2023, which is generally lower compared to the general dividend payout ratios for other Government-controlled enterprises.
- *Favorable statutory construction costs.* Under the Housing Site Development Promotion Act and the Industry Sites and Development Act, the sales prices for most of residential sites and industrial complexes sold by the Issuer are determined based on the “construction costs,” as defined under such Acts. This construction cost system is designed to support an appropriate level of profitability and financial stability of the Issuer. The statutory construction costs are generally set at a level higher than those calculated in accordance with K-IFRS, as the statutory construction costs include, among other items, cost of capital and interest expenses.
- *Subsidies for housing welfare projects.* In furtherance of the Government’s policy to assist young people, newlyweds, the elderly and low-income households in relation to housing-related costs, the Issuer operates a number of housing welfare projects for such households, which mainly consist of the Issuer purchasing or leasing multi-unit or single-unit residential properties in the market and renting them out on a long-term basis to young people, newlyweds, the elderly and low-income households meeting specified eligibility requirements at low rent rates, and sometimes assisting them to purchase such rental units. By virtue of the pricing structure in light of the public policy objectives for such projects, these projects do not generate any profit for the Issuer. Therefore, in order to partly compensate for the Issuer’s such losses, the Government generally provides subordinated long-term funding through the NHUF at below-market rates and even limited cash subsidies for some of such projects.
- *Tax benefits.* The Issuer receives certain tax exemptions or reductions in relation to acquisition taxes and property taxes under the Restriction of Special Local Taxation Act.
- *Guarantee of payment obligations.* The LH Act provides that the Government may guarantee repayment of principal of, and interest on, bonds issued by the Issuer. However, the Government has not provided such guarantees directly to date.
- *Other financial support.* Under relevant Government guidelines, a 0% risk weighting applies to debt issued by the Issuer for the purposes of calculating Bank for International Settlements ratios of Korean financial institutions, which provides an incentive to Korean financial institutions to purchase bonds issued by the Issuer for purposes of enhancing their capital adequacy.
- *Other support.* The Government carries out construction of certain infrastructure necessary for land development with budget unrelated to that of the Issuer, such as road construction and waste disposal facilities. Such construction carried out directly by the Government has the effect of reducing the Issuer’s capital expenditure by an amount that the Issuer would have incurred for the cost of such construction.
- *Expropriation.* Under the Housing Site Development Promotion Act and the Act on the Acquisition of and Compensation for Land, etc. for Public Works Projects (“Acquisition of Land Act”), the Issuer has the power to expropriate private land when necessary for public works, including housing construction and housing site development projects. The amount of consideration that the Issuer is required to pay in the event of such expropriation is determined by an agreement between the developer and the owner of land or, if such agreement is not practicable, by the decision of the land expropriation committee, whose members consist of representatives of the Government, lawyers and professors. In addition, the Government and local governments may also provide certain tracts of land to the Issuer free of charge, which would substantially reduce land acquisition costs for the Issuer.

Major Government Policy Related to Land Development and Housing Supply

Since the Issuer acts as the principal instrumentality of the Government in carrying out national land and housing policies, the nature and direction of the Government's plans and policies in these areas have a profound effect on the Issuer's business and strategy. The following describes the Government's master plans and principal policy initiatives relating to national land development and housing supply.

Comprehensive National Territorial Plans

Since the 1970s, in order to make efficient use of the nation's land resources, the MOLIT has devised and implemented its master plan for the development of national territory, called the Comprehensive National Territorial Plan ("CNTP"). The first CNTP, which covered the period from 1972 to 1981, aimed to stimulate rapid economic growth by creating the infrastructure necessary to support key growth points around the Seoul metropolitan area and its southeastern coastal industrial belt. The second CNTP, which covered the period from 1982 to 1991, aimed to develop and encourage population dispersal into provincial areas and to improve the quality of the living environment by curbing population influx into the Seoul metropolitan area. The third CNTP, which covered the period from 1992 to 2001, aimed to improve public welfare and conserve natural environment through regional development, including nurturing industrial centers along the west coast and in provincial cities. The fourth CNTP, which covered the period from 2000 to 2020, aimed for the balanced and environmentally friendly development of national land to promote the quality of life.

In December 2019, MOLIT announced the fifth CNTP, which covers the period from 2020 to 2040 and has the following three principal objectives: (i) balanced development of national land to promote quality of life; (ii) "smart" development of national land to ensure safety and sustainability; and (iii) innovative development of national land into a healthy, vibrant territories. To achieve these objectives, the fifth CNTP laid out six basic steps. First, the fifth CNTP aims to promote interregional cooperation and develop regionally specialized industries by improving support infrastructure, such as transportation, and providing for balanced development strategies unique to each region. Second, the fifth CNTP provides for innovation and vitalization of local culture and tourism, such as the creation of cooperative cultural complexes to highlight unique local historical and cultural assets. Third, the fifth CNTP strives to create a safe living space for all generations by implementing a flexible urban development system that can respond to the recent population decline and other demographical changes, providing a residential welfare system better tailored to public demands, and building a full-cycle, intelligence-based disaster prevention and response system integrated across regions. Fourth, the fifth CNTP emphasizes the creation of elegant and environment-friendly spaces through setting greenhouse gas reduction targets, employing a national environment management network and remodeling key transportation infrastructure, among others. Fifth, the fifth CNTP calls for measures to address inefficiencies in transportation infrastructure and congestion issues in metropolitan areas, as well as intelligence-based operations for creation of smart cities. Lastly, the fifth CNTP encourages economic cooperation and restoration of peace with North Korea, as well as economic exchange globally through the establishment of an economic hub for Eurasia and construction of an inter-continent transportation network.

Comprehensive Housing Plan

In December 2013, MOLIT released the second long-term comprehensive housing plan, which was amended in June 2018 (the "**Second Comprehensive Housing Plan**"). Under the Second Comprehensive Housing Plan, the Government set forth the objective of "creating a better residential environment where no one has to worry about housing" and established the following three goals: (i) reduce the cost of housing and secure the right to housing, (ii) create a housing market centered on actual residents of housing units and (iii) create a pleasant and safe residential environment.

In furtherance of these goals, the Government announced the following policy directives: (i) provide customized support to residents at each life stage and thereby create an integrated "housing ladder" envisioned by the Roadmap, (ii) strengthen the public interest in housing policy and eliminate blind spots in housing welfare services by increasing collaboration among the national and local governments and the private sector, (iii) strengthen the transparency and stability of the rental housing market by incentivizing property owners of rental units to register their rental units with the Government and submit to certain restrictions on minimum lease terms and increase in lease rates, (iv) manage the housing market centered on the needs of actual residents and (v) prepare for the future by strengthening management of residential environments and housing units.

Housing Welfare Roadmap

In November 2017, the MOLIT and the MOEF jointly announced a new initiative called the Housing Welfare Roadmap (the “Roadmap”), to reform the country’s existing housing policy in line with President Moon Jae-in administration’s policy goals of curbing speculative real estate investments and providing affordable housing to young people, newlyweds, the elderly and low-income households in order to tackle broader social problems, such as shortage of jobs for young people, low birth rates, population aging and the widening wealth gap. Focusing on the needs of such groups, the Roadmap envisions building a “housing ladder” to facilitate the transition of would-be homeowners from employment to marriage and childbirth and from low-income to middle-income standards of living.

To fulfill this vision, the Government announced its goal to supply approximately one million public housing units by 2022 and provide housing welfare solutions based on the current life stage and income level of the target groups. Specifically, for young people, the Government plans to supply 300,000 customized housing units including share houses and live-work spaces, offer housing subscription savings accounts with high interest rates and ease restrictions on deposit loans. For newlyweds, the Government aims to supply 200,000 public rental housing units with expanded child care services, provide 70,000 housing units for sale by way of *bunyang* and introduce specialized loan programs with low interest rates. For the elderly, the Government intends to supply approximately 50,000 public rental housing units, including those with barrier-free construction and elderly welfare services, and increase funding for housing renovation. For the low-income group, the Government expects to supply approximately 410,000 public rental housing units, raise housing benefits and extend the recipients of such benefits, as well as provide emergency housing in collaboration with non-governmental organizations. Of the approximately one million units to be supplied by 2022, the Issuer is expected to supply 75% of the units. The Roadmap was amended in July 2018 and October 2019 to expand the number of units for newlyweds and children.

In March 2020, the Government announced an update to the Roadmap (the “Roadmap 2.0”), which focuses on creating a residential safety net that improves housing supply and addresses changes to population trends. The Roadmap 2.0 increases the public housing supply goal from one million units by 2022 to an additional 630,000 units by 2025 and intends to make 2.4 million long-term public rental housing units available by 2025. The Government also plans to expand support to target groups. For young people, the Government intends to supply 350,000 customized housing units by 2025, increase the applicant age limit for youth low interest rate loan programs from 25 to 34 and provide additional housing expense support for low-income youth. For newlyweds, the Government seeks to supply 550,000 rental housing units, expand coverage for households with children age 6 or below and complete tenant recruitment for 100,000 *bunyang* housing units by 2025. The Government further plans to expand public housing units to 80,000 for the elderly and 640,000 for low-income individuals by 2025. Other improvements include instituting residential development programs for 40,000 old housing units and enhancing the design and quality of houses.

Public Initiative 3080+

In February 2021, the MOLIT announced the Public Initiative 3080+ to supply 830,000 housing units in metropolitan areas, including 320,000 housing units in Seoul, by 2025 through public entities, including the Issuer. The Public Initiative 3080+ contemplates 306,000 housing units to be supplied by redeveloping railway station districts, mixed industrial areas and low-rise housing areas, 136,000 housing units to be supplied by redeveloping and rebuilding old housing units, 30,000 housing units to be supplied via urban renewal projects, 263,000 housing units to be supplied by building new public housing units on public lands and 101,000 housing units to be supplied by short-term housing solutions, such as repurposing of hotels and offices into residential units.

Public Housing 500,000 Units Initiative

In October 2022, the MOLIT announced the Public Housing 500,000 Units initiative whereby it would significantly expand the opportunities for home ownership through the supply of 500,000 public housing units between 2023 and 2027 – more than tripling the number of public housing units supplied between 2018 and 2022. Out of the 500,000 units, 340,000 will be allocated to the young people in their 20s and 30s, while the remaining 160,000 units will be allocated to those in their 40s and 50s. The initiative provides financial support to individuals purchasing their units through preferential mortgage terms to minimize the financial burdens of home ownership. The initiative also optimizes the *bunyang* lottery system by increasing the chances of those in their 20s and 30s being selected to purchase a small-to medium-sized unit and those in their 40s and 50s being selected to purchase a large-unit.

2024 Public Housing Development

In January 2024, the MOLIT announced new measures to boost public housing development. These measures aim to increase the supply of public housing units to over 140,000, surpassing the initial target of 125,000. To achieve this expanded goal, the Government plans to explore new development sites, including green-belt zones and underutilized land within the greater Seoul metropolitan area. In a significant shift, Government aims to increase private sector participation in public housing projects from 4% in 2023 to 15% in 2024, and with a goal of reaching 30% by 2027. The announcement also outlines a plan to establish a legal framework to support independent private project implementation. This will be achieved through an amendment to the Act on Public Housing in the first half of 2024. Following this legislative change, it is expected that the private sector's involvement in public housing projects will commence in the second half of 2024. Notably, some projects initially earmarked for construction by the Issuer will transition to the private sector, contingent on the outcomes of feasibility studies. As of the date of the Offering Circular, no amendment to the Act on the Public Housing that would entitle full-scale private sector involvement in public housing projects has been made.

Measures to Expand Housing Supply

In August 2024, the MOLIT and the MOEF jointly announced measures to expand the supply of housing and increase national housing security primarily by improving the regulatory environment and implementing support initiatives to accelerate and encourage the development or redevelopment of housing units. Such measures include (i) increasing the supply of apartment units in the Seoul metropolitan area, (ii) extending the leases of public housing rental units in the Seoul metropolitan area until the stabilization of the real estate market for villas and other non-apartment, (iii) increasing the supply of public land to private construction companies for the construction and development of public housing units and guarantee the sale of such units and (iv) nominating new public land plots in the Seoul metropolitan and surrounding areas for development. Collectively, these measures are projected to deliver approximately 427,000 housing units in the Seoul metropolitan and surrounding areas over the next six years.

BUSINESS

Introduction

The Issuer was established on October 1, 2009 following a merger between KNHC and KLC for the purposes of procurement, development, stockpiling and supply of land, the development and maintenance of cities and the construction, supply and maintenance of housing, with the intention of enhancing housing quality for Korean citizens and promoting efficient land use. The Issuer is a statutory juridical entity of unlimited duration, established under the LH Act, and is the principal instrumentality of the Government for execution of its housing and land related policies. As a Government-controlled entity charged with carrying out public policy objectives, the Issuer does not seek to maximize profits but to maintain an overall level of profitability that would enable the Issuer to conduct its ongoing businesses and maintain its equity base while meeting its financial obligations and making requisite capital expenditures.

The Issuer is primarily engaged in land, housing and urban development projects, as well as ancillary activities related to the foregoing, including those mandated by the Government to promote the welfare of young people, newlyweds, the elderly and low-income households and balanced development of national territory. The Issuer divides its operations into the following business segments for accounting purposes: (i) public housing, which involves development, construction, and sale of housing units to young people, newlyweds, the elderly and low-income households; (ii) industrial development complex, which involves development, construction, sale and lease of industrial complexes; (iii) public housing management, which involves leasing of rental housing units, which have been constructed, purchased or leased, to young people, newlyweds, the elderly and low-income households; (iv) multifunctional administrative city, which involves the development of Sejong Special Self-Governing City, the multifunctional administrative capital of Korea, and development, construction, sale and leasing of related residential and commercial units; (v) urban development projects, which involve development of Innovation Cities to which select government agencies and headquarters of certain Government-controlled enterprises have been relocated; (vi) land bank, which involves procurement of land for public projects and market-making activities designed to facilitate balanced supply of and demand for land in Korea; and (vii) “others,” which represents the largest business segment in terms of revenue and primarily consists of development of large-scale residential and commercial clusters known as “New Cities,” development of residential land sites and development of Free Economic Zones designed to attract foreign capital and investment, among other projects. Segregated accounting is statutorily required for the five business segments described in (i) through (v).

Korea is a densely populated industrialized country, and per capita land available for urban development in Korea is limited. While the Seoul metropolitan area accounts for approximately half of the total population of Korea based on a Government population census conducted by the Statistics Korea in 2020, this area represents approximately only 12% of the total land available in Korea. The Government views balanced development and supply of housing to be critical to the promotion of public welfare and to the continued economic growth and development of Korea. The Issuer’s businesses are intended to achieve the Government’s policy objectives of increasing the stable supply of affordable housing throughout the nation, particularly in the Seoul metropolitan area, as well as the balanced territorial development of national land and urban centers.

The Issuer’s land development projects are usually large-scale projects involving local municipalities and other governmental agencies or private companies. As of December 31, 2023, the Issuer had land and housing development projects in 337 districts in Korea spanning an area of 419.7km². Of such projects, the Issuer had 68,254 public housing units in 125 districts under construction as of December 31, 2023. Since the establishment of KNHC in 1962, the Issuer has supplied millions of public housing units, including large-scale residential areas in Gwacheon and Pangyo in Gyeonggi-do, Banpo and Jamsil in Seoul and Sejong city, for sale or lease primarily to young people, newlyweds, the elderly and low-income households to serve its public policy objectives.

The Issuer is the largest Government-controlled enterprise in Korea in terms of total assets and revenue as of and for the six months ended June 30, 2024. Since the Issuer does not seek to maximize profit but to serve public policy objectives, the Issuer is entitled to and receives various financial and other subsidies from the Government, including capital contributions, low-cost public funding, loss compensation for certain eligible projects (with the Issuer's public housing management representing the main source of loss), favorable dividend policy, favorable construction cost assessment, direct subsidies, tax benefits and eligibility for Government guarantees for financial obligations, among others. See “*Relationship with the Government – Government Support.*”

In 2021, 2022 and 2023, the Issuer generated sales of Won 27,346 billion, Won 19,626 billion and Won 13,884 billion, respectively, and operating profit of Won 5,649 billion, Won 1,813 billion and Won 44 billion, respectively. In the first halves of 2023 and 2024, the Issuer generated sales of Won 5,323 billion and Won 9,570 billion, respectively, and operating loss of Won 316 billion and operating profit of Won 557 billion. As of December 31, 2023 and June 30, 2024, the Issuer had total assets of Won 222,857 billion and Won 225,262 billion, respectively, and total equity of Won 70,010 billion and Won 72,911 billion, respectively.

History

The Issuer was established on October 1, 2009 as a result of a merger between KNHC and KLC. KNHC was established by the Government in 1962 as a statutory juridical entity responsible for implementing the Government's public housing policies. KNHC's primary business consisted of constructing housing units for sale or rent. KLC was established by the Government in 1975 as a “Land Bank” charged with comprehensive development and management of public land. KLC's primary business consisted of residential site and industrial complex developments, including large-scale residential site development projects to increase the supply of land sites for the development of affordable housing.

Both KNHC and KLC were wholly owned by the Government. The Government merged these two Government corporations in 2009 to eliminate duplication of functions and to enhance managerial efficiency with the aim of contributing to the national economic development of Korea.

Business Overview

The Issuer is primarily engaged in land, housing and urban development projects, as well as ancillary activities related to the foregoing, including those mandated by the Government to promote the welfare of young people, newlyweds, the elderly and low-income households and balanced development of national territory. The Issuer divides its operations into the following seven business segments for accounting purposes:

- *Public housing.* This segment involves sales by way of *bunyang* of affordable public housing units, which have been constructed by the Issuer or constructed or purchased by the private sector with funds from NHUF or the national or local governments, to young people, newlyweds, the elderly and low-income households. *Bunyang* is a process which involves preselling housing units at the initial stage of construction via a lottery and using the proceeds from such presale to fund the construction of the housing complex. In general, the Issuer's *bunyang* sales consist of apartments either developed as a few stand-alone apartment buildings or as part of a large-scale housing development complex.
- *Industrial development complex.* This segment involves sales and, to a lesser extent, leasing of units in industrial complexes developed pursuant to the Industrial Sites and Development Act or the Act on Special Cases Concerning the Simplification of Authorization and Permission Procedures for Industrial Complexes.
- *Public housing management.* The Issuer develops, constructs and manages rental housing units to carry out the Government's public policy mandate of providing young people, newlyweds, the elderly and low-income households with affordable housing. The Issuer secures the stock of rental housing units, through purchasing in the market as well as building new units, to meet the demand for rental housing. The Issuer has been supplying diverse types of rental housing, including in terms of lease period, which can be up to 5, 10 or 50 years.

- *Multifunctional administrative city.* This segment involves sales and, to a lesser extent, leasing of residential and commercial units in Sejong Special Self-Governing City, the multifunctional administrative capital of Korea developed in accordance with the Special Act on the Construction of Multifunctional Administrative City in Yeongi-Gongju Area for Follow-up Measures for New Administrative Capital.
- *Urban development.* This segment involves sales and, to a lesser extent, leasing of residential and commercial units in various Innovation Cities that have been designated to accommodate select government agencies and headquarters of certain Government-controlled enterprises that have been relocated from the Seoul metropolitan area in accordance with the Special Act on the Creation and Development of Innovative City.
- *Land bank.* This segment involves (i) sale of land procured in advance in connection with contemplated public projects and (ii) sale of land acquired in advance for the purpose of stabilizing the real estate market in Korea by facilitating balanced supply of and demand for land. The supply mechanism, pricing, nature of the purchaser and use of the public land are determined by law for the purpose of serving public policy and are different from those applied to other land-related businesses engaged by the Issuer.
- *Others.* This segment, which is the largest business segment in terms of revenue, involves all other businesses engaged by the Issuer other than the six above-described business segments. Such other businesses consist of (i) development of large-scale residential and commercial clusters known as “New Cities,” (ii) residential land site development, (iii) development of Free Economic Zones, (iv) urban renewal projects and (v) other ancillary businesses.

Segregated accounting is statutorily required for the Issuer’s following business segments: (i) public housing, (ii) industrial development complex, (iii) public housing management, (iv) multifunctional administrative city and (v) urban development.

The following tables have been derived from the Issuer’s financial statements and provide a breakdown of the Issuer’s results of operation by business segments for the periods indicated. See Note 5 of each of the notes to the audited financial statements of the Issuer as of and for the years ended December 31, 2023, 2022 and 2021 and the reviewed financial statements of the Issuer as of June 30, 2024 and for the six months ended June 30, 2023 and 2024, included in the Offering Circular.

For the Six Months Ended June 30, 2024								
	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	Total
	<i>(in billions of Korean Won)</i>							
Revenue	₩6,033	₩211	₩ 832	₩ 65	₩14	₩252	₩2,162	₩9,569
Cost of sales	(4,361)	(195)	(2,016)	(58)	14	(240)	(1,720)	(8,576)
Gross profit (loss)	1,672	15	(1,183)	7	29	12	442	993
Selling and administrative expenses	(184)	(14)	(133)	(10)	–	(8)	(88)	(437)
Operating profit (loss)	1,488	2	(1,317)	(3)	29	4	354	557
Total comprehensive income (loss) for the period	₩1,280	₩ (9)	₩(1,352)	₩(19)	₩30	₩ (7)	₩ 834	₩ 756

For the Six Months Ended June 30, 2023

	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	Total
	(in billions of Korean Won)							
Revenue	₩2,088	₩187	₩ 784	₩ 85	₩15	₩106	₩2,057	₩5,323
Cost of sales	(1,707)	(166)	(1,649)	(111)	2	(102)	(1,512)	(5,246)
Gross profit (loss)	381	21	(865)	(26)	16	4	545	76
Selling and administrative expenses	(167)	(4)	(156)	(5)	(0)	(3)	(58)	(393)
Operating profit (loss)	215	17	(1,021)	(32)	16	2	487	(316)
Total comprehensive income (loss) for the period	₩ 196	₩ (2)	₩(962)	₩(43)	₩18	₩ (6)	₩ 677	₩ (122)

For the Year Ended December 31, 2023

	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	Total
	(in billions of Korean Won)							
Revenue	₩6,551	₩299	₩ 1,592	₩ 148	₩20	₩121	₩5,153	₩13,884
Cost of sales	(4,888)	(218)	(3,848)	(677)	40	(117)	(3,548)	(13,255)
Gross profit (loss)	1,663	80	(2,256)	(528)	61	4	1,605	629
Selling and administrative expenses	(238)	(9)	(220)	(8)	0	(4)	(106)	(585)
Operating profit (loss)	1,426	71	(2,477)	(536)	61	(0)	1,499	44
Total comprehensive income (loss) for the year	₩1,030	₩ 25	₩(1,826)	₩(334)	₩45	₩ (12)	₩1,545	₩ 473

For the Year Ended December 31, 2022

	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	Total
	(in billions of Korean Won)							
Revenue	₩7,624	₩482	₩ 1,491	₩ 121	₩106	₩221	₩9,580	₩19,626
Cost of sales	(5,653)	(409)	(3,456)	(596)	(70)	(214)	(6,795)	(17,195)
Gross profit (loss)	1,971	72	(1,965)	(476)	35	7	2,786	2,432
Selling and administrative expenses	(287)	(15)	(157)	(11)	-	(6)	(143)	(619)
Operating profit (loss)	1,684	59	(2,122)	(486)	35	1	2,642	1,813
Total comprehensive income (loss) for the year	₩1,380	₩ 24	₩(1,890)	₩(398)	₩ 38	₩ (8)	₩2,356	₩ 1,501

For the Year Ended December 31, 2021

	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	Total
	(in billions of Korean Won)							
Revenue	₩15,041	₩748	₩ 1,436	₩625	₩ 99	₩39	₩9,356	₩27,346
Cost of sales	(10,494)	(640)	(3,216)	(423)	45	(37)	(6,274)	(21,039)
Gross profit (loss)	4,547	108	(1,779)	202	145	2	3,082	6,307
Selling and administrative expenses	(324)	(13)	(180)	(10)	-	(5)	(125)	(658)
Operating profit (loss)	4,223	95	(1,960)	192	145	(4)	2,957	5,649
Total comprehensive income (loss) for the year	₩ 3,361	₩ 54	₩(1,829)	₩117	₩118	₩(5)	₩2,436	₩ 4,252

The following table provides an overview of the number of housing units supplied by the Issuer for the periods indicated.

	Year ended December 31,		
	2021	2022	2023
		(units)	
Public Housing units	13,376	4,852	6,834
Public Rental Housing units	35,250	44,138	31,300
Total	48,626	48,990	38,134

The following table provides an overview of the Issuer's ongoing residential construction projects as of December 31, 2023.

Region	Districts	Sites	Housing Units
Seoul	6	10	3,795
Incheon	6	20	12,829
Gyeonggi	22	32	27,840
Busan – Ulsan	2	5	4,211
Gangwon	9	9	1,308
Chungbuk	4	8	2,116
Daejeon – Chungnam	2	5	5,045
Jeonbuk	7	7	2,202
Gwangju – Jeonnam	6	8	2,830
Daegu – Gyeongbuk	3	3	229
Gyeongnam	7	10	3,676
Jeju	3	3	333
Sejong	1	5	1,840
Total	78	125	68,254

The following table provides an overview of the Issuer's key statistics for land-related projects for the periods indicated.

	Year ended December 31,		
	2021	2022	2023
	(thousand square meters and billions of Won)		
Acquired land⁽¹⁾			
Area	12,714	13,185	7,269
Project costs	₩11,454	₩12,779	₩ 7,875
Land under development⁽²⁾			
Area	17,105	17,327	12,880
Project costs	₩ 3,941	₩ 4,838	₩ 3,566
Supplied land⁽³⁾			
Area	8,177	6,768	5,015
Project costs	₩15,081	₩15,917	₩10,624

Notes:

- (1) Based on the areas and the dates of acquisition contracts.
- (2) Based on the amount of budget executed (or a cash payment basis) as a percentage of the total budget.
- (3) Based on the areas and the dates of supply contracts.

Generally, the Issuer conducts its business in order to execute its public policy mandate, and as such, it is not driven by profit. In particular, the Issuer does not generate profit on its public housing management business by virtue of the pricing structure for these projects as determined by the Government in line with its national housing policies. However, to execute public policy objectives more efficiently and effectively, the Issuer derives significant profit from the sale of housing units and land. Therefore, while it serves primarily as a governmental instrumentality, the Issuer also enjoys the benefits of engaging in competitive activities with the private sector, through which it imposes on itself a fiscally disciplined approach to conducting business as well as a firm focus on customer satisfaction.

Business Segments

Public Housing

To implement the Government's policy relating to the provision of housing for young people, newlyweds, the elderly and low-income households, the Issuer's public housing business involves sales by way of *bunyang* of affordable housing units that have been constructed by the Issuer or constructed or purchased by the private sector using funds from NHUF or the national or local governments to such households.

Public housing units are 85 square meters or less in size and sold by way of *bunyang* typically below the prevailing market price of the area. Public housing is targeted for young people, newlyweds, the elderly and low-income households who qualify under certain asset/income eligibility tests. The Government has allocated 10% of public housing units to newlyweds, 15% to first-time homeowners, 10% to households with two or more children, 20% to households with newborns, 5% to caretaker household of an elderly parent, 15% to households designated by the Government and the remaining to 25% to local residents who otherwise qualify for public housing. In 2021, 2022 and 2023, the Issuer supplied 13,376, 4,852 and 9,765 public housing units, respectively. In 2024, the Issuer is planning to supply approximately 6,343 public housing units.

Industrial Development Complex

The Issuer carries out the Government's industrial development projects to enhance national industrial competitiveness, support local economies and promote balanced regional development. The Issuer is the sole provider of national industrial complex development services in Korea and works closely with the national and local governments. From the establishment of KLC in 1975, the Issuer has completed the development of dozens of industrial complex projects, which include logistics complexes. To achieve balanced land development across Korea, the Issuer has developed large-scale industrial belts that link the inland with coastal areas throughout the nation, including the following:

- a west coast industrial belt through Namdong, Incheon; Asan-man, Chungcheongnam-do; Gunjang and Gunsan, Jeollabuk-do and Daebul, Jeollanam-do;
- an east coast industrial belt through Bukpyeong, Gangwon-do; Yeonkwan (industrial complex for POSCO, a steel producer) and Noksan, Busan; and
- a high-tech science industrial belt through Daedeok, Daejeon; Gwangju, Jeollanam-do and Jeonju, Jeollabuk-do.

The table below sets forth the major ongoing industrial development complex projects.

Projects	Location	Area	Expected Total Capital Requirements
		(thousand square meters)	(billions of Won)
Pangyo 2nd Techno Valley	Sungnam, Gyeonggi-do	430	767
Ulsan Hyomun National Industrial Complex	Ulsan	376	283
Gyeongnam Hanggong National Industrial Complex	Jinju and Sacheon	1,642	413
Miryang Nano Yoonghab National Industrial Complex	Miryang, Gyeongsangnam-do	1,657	373
Incheon Nam-dong Docheom Industrial Complex	Incheon	233	177
Daegu Yulha Docheom Industrial Complex	Daegu	175	81

Projects	Location	Area	Expected Total Capital Requirements
		(thousand square meters)	(billions of Won)
Suncheon Docheom Industrial Complex	Suncheon, Jeollanam-do	190	38
Daegu Technopolis	Daegu	7,262	1,316
Daegu National Industrial Complex . .	Daegu	8,548	1,357
Janghang National Ecological Industrial Complex	Seocheon, Chungcheongnam-do	2,751	355
Bitgreen National Industrial Complex	Gwangju, Hampyeong, Jeollanam-do	4,068	491
Pohang Blue Valley Industrial Complex	Pohang, Gyeongsangbuk-do	6,119	736
Dongducheon National Industrial Complex	Dongducheon, Gyeonggi-do	267	70
Jeonju Tanso National Industrial Complex	Jeonju, Jeollabuk-do	656	177
Gwangmyeong Siheung General Industrial Complex	Gwangmyeong and Siheung	975	811
Namcheongjuheondo General Industrial Complex	Cheongju, Chungcheongbuk-do	1,051	262
Daejeon Jangdae City Advanced Industrial Complex	Daejeon	73	104
Cheonan Jiksan City Advanced Industrial Complex	Cheonan, Chungcheongnam-do	333	128
Ulsan Janghyeon City Advanced Industrial Complex	Ulsan	317	147

In addition to industrial development complexes, the Issuer develops large scale research and development complexes and logistics complexes. The table below sets forth the major ongoing research and development complex projects.

Projects	Location	Area	Expected Total Capital Requirements
		(thousand square meters)	(billions of Won)
International Science Business Belt Complex	Daejeon	3,445	948

When developing industrial sites, the Issuer includes buffering zones between the sites and surrounding areas, called “green zones,” which generally consist of parks or other green areas. The Issuer also includes adequate waste treatment facilities in its industrial site development plans. An important part of the Government’s review of any execution plan for industrial complex development is an environmental impact assessment.

Although the overall areas devoted to public infrastructure and amenities such as parks are relatively small compared to residential sites, the Issuer still incurs significant development expenses with respect to industrial land development projects, primarily because of the larger size and longer development periods of such projects compared to residential land development projects.

As in residential land development projects, the Issuer provides certain land sites in an industrial complex development project, such as roads, parks and green zones, to the Government or local governments for free. Under the Industry Sites and Development Act, costs incurred in connection with such free sites are included in the construction costs for the other sites in the same project to be borne by the purchasers of such other sites. Sites for industrial plants, research institutes and public facilities are sold at their construction costs. The remaining sites, consisting primarily of support facilities and commercial districts, are sold at their appraised prices, which are above their construction costs.

Upon completion of development, end users purchase land from the Issuer and design and construct buildings for industrial or commercial use according to their own needs. The Issuer is not involved in the construction of any buildings.

Public Housing Management

The Issuer's public housing management business complements the Issuer's public housing segment in providing affordable and stable rental housing to young people, newlyweds, the elderly and low-income households under various leasing programs. Such programs involve the Issuer constructing, purchasing and subleasing units and supplying sites to be developed for units. The following table sets forth the number of rental housing units the Issuer has provided under each rental housing program for the periods indicated.

	Year ended December 31,		
	2021	2022	2023
		(housing units)	
<i>Haengbok</i> Rental Housing	16,155	24,020	21,666
Permanent Rental Housing	2,554	4,392	2,470
National Rental Housing	13,623	15,719	5,856
Public Rental Housing	2,918	7	127
Total	35,250	44,138	30,119

Haengbok Rental Housing

Under the Roadmap and the Roadmap 2.0, the Issuer's *Haengbok* (which is the word for "happiness" in Korean) rental housing program has been repurposed and expanded to provide affordable rental housing units primarily to university students, young people and newlyweds in order to resolve growing social problems of young people unemployment and low-birth rates. The Government is targeting to construct *Haengbok* rental housing units in urban areas, such as on disused Government building sites, near universities, workplaces and public transportation hubs to support young people entering the workforce and young families, while encouraging urban renewal in areas where such units are built. In 2021, 2022 and 2023, the Issuer supplied 16,155, 24,020 and 21,666 *Haengbok* rental housing units, respectively. In 2024, the Issuer is planning to supply 7,631 *Haengbok* rental housing units.

Permanent Rental Housing

The Issuer has developed permanent rental housing units as part of the Government's plan to expand the availability of affordable housing units to households with severe economic or other disadvantages, such as those receiving social security benefits, the elderly without family, households headed by a minor, the disabled and resettled North Korean refugees. Under this program, tenants are entitled to lease units for 50 years with rent set at 30% of the prevailing market rental rate of the area according to a formula set by the MOLIT. Sizes of the units are below 40 square meters. In 2021, 2022 and 2023, the Issuer supplied 3,400, 4,392 and 2,470 permanent rental housing units, respectively. In 2024, the Issuer is planning to supply 1,319 permanent rental housing units.

National Rental Housing

The national rental housing scheme was introduced by the Government to address the housing issues affecting newlyweds, the elderly and low-income households living in urban areas. In general, construction of this type of rental housing is approved based on a minimum 30-year lease period with rental prices set at levels of 60% to 80% of the prevailing market rental rate according to a formula set by the MOLIT. In 2021, 2022 and 2023, the Issuer supplied 13,623, 15,719 and 5,856 national rental housing units, respectively. In 2024, the Issuer is planning to supply 3,761 national rental housing units.

Eligibility for this type of rental housing is limited by applicable rules and regulations. Such housing is generally intended for a head of a household without home ownership whose income is equal to or not more than 70% (depending on the size of the rental unit) of the average monthly household income recorded in the previous year for urban workers. The Government has given priority to newlyweds, disabled persons, single parents with children less than 6 years old and households designated by the Government, as well as various categories of underprivileged and low-income households. Units are either below 50 square meters or 50 to 60 square meters in size depending on the eligibility category of the tenant.

Public Rental Housing

Public rental housing units are generally larger than national rental or permanent rental housing units and provide alternative rental housing options for households in the mid-tier income bracket who wish to live in larger rental units.

Articles 4 and 27 of the Housing Supply Regulations set out the qualifying criteria for applicants of public rental housing. The primary eligibility criteria are that the applicant must be a member of a household without home ownership and be a resident of the district in which the proposed public rental housing unit is to be developed. Among those who qualify, priority is given to applicants who have had a housing subscription savings account for over one year and have paid at least 12 monthly installments on each due date, in case of Seoul Metropolitan Area. The funds held in the housing subscription savings accounts are then redirected to the NHUF, which uses these funds as a low-cost funding source until the account holder purchases a housing unit, at which time the initial deposit amount gets applied to the purchase price. There are three lease periods (five, 10 or 50 years) available under the public rental housing scheme. Public rental housing units with five- and 10-year lease terms have a purchase option exercisable by the tenant. Public rental housing units with 50-year lease terms do not have such an option. This purchase option is usually exercised at the end of the lease term.

The rental rate for the five-, 10- and 50-year lease term public rental housing units is determined by a formula set by the Special Act on Public Housing and takes into account various factors, including analysis of market prices of comparable units in neighboring properties at the time of sale, private developers' *bunyang* sale prices and the average construction cost for such units. The rental rate for these rental units, which are 85 square meters or less (in the case of units with five- or 10-year lease term) or 50 square meters or less (in the case of units with 50-year lease term) in size, are set at 90% of the prevailing market rental rate. Public rental housing units are popular among those who wish to own a home but presently do not have the financial means, but have sufficient income-generating potential to do so in the future. In 2021, 2022 and 2023, the Issuer supplied 2,918, 7 and 127 public rental housing units, respectively. However, starting from 2021, the Issuer decided to gradually phase out the supply of public rental housing units. In 2024, the Issuer does not plan to supply any public rental housing units.

Multifunctional Administrative City

This project involves the development of Sejong Special Self-Governing City, the multifunctional administrative capital where certain government agencies and corporate headquarters of Government-controlled enterprises have relocated to in recent years. Established under the Special Act on Construction of New Administrative Capital, the multifunctional administrative city project is part of a national agenda to decentralize the population away from the Seoul metropolitan area and to promote balanced regional development.

Construction of Sejong City commenced in 2005, with the moving of 55 government agencies and headquarters of Government-controlled enterprises completed by the end of 2016 and the entire project to be completed by the end of 2030. The total project area covers approximately 73 square kilometers supplying and approximately 200,000 residential housing units. The total estimated capital expenditures amount to Won 23.7 trillion, of which Won 8.5 trillion is to be funded from the central Government.

Urban Development

In order to foster balanced development of national territory, the Government has undertaken the "Innovation City" initiative, which involves constructing new clusters of industrial, education and research activities in major cities across Korea, coupled with relocation of select government agencies and headquarters of Government-controlled enterprises into these clusters to bolster the robustness of the initiative. As part of such efforts, the Special Act on the Creation and Development of Innovative City was enacted in February 2007, pursuant to which the Issuer was responsible for developing nine out of 10 cities designated as Innovation Cities under such act.

In January 2018, the Issuer completed developing the nine Innovation Cities it was responsible for, and in December 2019, all of the selected government agencies and headquarters of Government-controlled enterprises completed their relocation to such cities. In total, the Issuer developed over 44 million square meters of land and supplied over 98,000 units of housing. The following is a breakdown of the area of land and number of housing units in each of the nine Innovation Cities developed by the Issuer:

Location	Area	Housing Units
	<i>(thousand square meters)</i>	
Chungbuk Jincheon and Eumseong	6,899	15,184
Jeonbuk Junju and Wanju	9,852	10,299
Daegu Sinseo	4,216	7,660
Gangwon Wonju	3,585	11,932
Gyeongbuk Gimcheon	3,812	10,686
Jeonnam Naju	7,361	19,799
Ulsan Ujeong	2,991	7,280
Gyeongnam Jinju	4,093	13,902
Jeju Seogwipo	1,135	1,840
Total	43,944	98,582

In February 2018, the Government announced plans for the second stage of development of the Innovation Cities. The Government envisions the relocated Government agencies and Government-controlled enterprises to be the foothold for the development of industrial, education and research clusters, which would spur regional growth. The Government has targeted to increase the number of businesses resident in Innovation Cities and increase the number of jobs for locals. In 2023, the Issuer undertook the second stage of development of the Innovation Cities starting with 29 development projects in the Gyeongnam province to which it allocated Won 134 billion.

Land Bank

The Issuer's land bank activities consist of the following: (i) advance procurement of land to be used for public projects and subsequent supply thereof so as to facilitate adequate and timely supply of land required for such projects, and (ii) advance procurement and subsequent supply of land so as to stabilize the Korean real estate market during times of significant fluctuations in supply and demand. The public project-related land bank activities are conducted pursuant to the Public Land Reservation Act, while market stabilization-related land bank activities are conducted pursuant to the Korea Land Corporation Act.

As of December 31, 2023, the Issuer procured 123 parcels of land in an amount worth Won 5.4 trillion and supplied 97 parcels of land to public project and market stabilization-related land bank activities in an amount worth Won 3.5 trillion.

“Other” Business Segment

This business segment, which is the largest business segment in terms of revenue, involves all other businesses engaged by the Issuer other than the six above-described business segments. Such other businesses consist of (i) development of large-scale residential and commercial clusters known as “New Cities,” (ii) residential land site development, (iii) development of Free Economic Zones, (iv) urban renewal projects and (v) other ancillary business.

The following table provides a breakdown of revenue of the “Other” business segment by principal subsegments for the periods indicated.

	For the Year Ended December 31,		
	2021	2022	2023
	<i>(in billions of Won)</i>		
New City	₩5,395	₩5,763	₩3,024
Residential Land Development	982	492	578
Free Economic Zones	1,033	603	250
Urban Renewal	156	18	9
Miscellaneous ⁽¹⁾	1,790	2,704	1,292
Total Revenue	<u>₩9,356</u>	<u>₩9,580</u>	<u>₩5,153</u>

Note:

- (1) Consists of revenues from overseas land development projects, relocation of the U.S. base from Yongsan and other ancillary businesses.

The following table provides a breakdown of gross profit of the “Other” business segment by principal subsegments for the periods indicated.

	For the Year Ended December 31,		
	2021	2022	2023
	<i>(in billions of Won)</i>		
New City	₩2,104	₩1,461	₩ 984
Residential Land Development	287	445	190
Free Economic Zones	386	106	59
Urban Renewal	68	(1)	8
Miscellaneous ⁽¹⁾	237	773	364
Total Gross Profit	<u>₩3,082</u>	<u>₩2,785</u>	<u>₩1,605</u>

Note:

- (1) Consists of gross profit from overseas land development projects, relocation of the U.S. base from Yongsan and other ancillary businesses.

“New City” Projects

New City (Housing Complex) Development Projects, also known as New City projects, are large-scale residential and commercial community development projects, which are usually more than 3.3 square kilometers in size and conducted in accordance with the Housing Site Development Promotion Act of 1980 to achieve the Government’s policy objectives of increasing housing supply, improving housing standards and facilitating balanced urban development, particularly in the Seoul metropolitan area. The first stage of New City project commenced in 1980 and were completed in 2001. The Government is currently nearing the completion of the second stage of New City projects, which commenced in 2003, and announced the third stage New City projects in December 2018. The first stage of New City projects was, in large part, intended to address the housing shortage problem in the nation; however, the urban transformation brought by the first stage of New City development raised additional urban planning-related issues, such as traffic congestion and pollution. The second stage of New City projects attempt to address problems of urban blight, environmental degradation, traffic congestion and overpopulation in certain areas, particularly in the Seoul metropolitan area. The third stage of New City projects focuses on stabilizing housing prices and improving the residential environment in the Seoul metropolitan area by preventing the inflow of speculative housing demand, while expanding supply of good-quality housing at reasonable prices in areas near Seoul where public transportation is convenient.

In New City projects, the Issuer is responsible for site designation and development and formulation of implementation plans, which are formed in consultation with, and subject to the approval of, the Government. The Issuer also takes a leading role in the design, planning, development and construction of the New City project. The Government provides financial support for the construction of rental housing units within New Cities as well as other support through special application of a less stringent regulatory scheme. The Issuer has taken a leading role in undertaking and supervising all of the New City projects thus far.

The following table sets forth the New City projects that have been completed or are currently under construction by the Issuer as part of the second stage of the New City projects.

Projects	Area	Housing Units	Construction Period	Expected Total Capital Requirements
	(thousand square meters)			(trillions of Won)
Seongnam Pangyo	8,922	29,263	2003 to 2019	8.7
Gimpo Hangang	10,865	56,653	2006 to 2017	8.4
Daejeon Doahn	6,109	24,538	2003 to 2012	3.0
Wirye	6,754	44,458	2008 to 2024	11.1
Hwaseong Dongtan 1	9,035	41,410	2001 to 2024	4.2
Hwaseong Dongtan 2	24,028	117,283	2008 to 2024	16.1
Paju Woonjung	9,452	50,293	2003 to 2014	7.7
Paju Woonjung 3	7,158	45,491	2008 to 2027	5.2
Yangju Okjung	7,061	45,518	2007 to 2023	4.1
Yangju Hoecheon	4,120	25,923	2007 to 2025	3.1
Pyeongtaek Godeok	13,360	60,144	2008 to 2025	8.2
Incheon Geomdan	11,106	76,695	2009 to 2023	8.4
Asan Tangeong	5,131	26,845	2007 to 2023	3.2
Asan Baebang	3,663	9,242	2004 to 2013	1.7

The following table sets forth the New City projects as part of the third stage of the New City projects. In 2024, it is expected that six districts (Namyangju Wangsook, Wangsook 2, Incheon Gyeyang, Hanam Gyosan, Bucheon Daejang and Goyang Changreung) will have entered the site development phase for approximately 62% (19.5 km²) of their total area (34.2 km²). In the metropolitan area, the aim is to build 160,000 housing units across five districts (Gwangmyeong Siheung, Gwacheon, Ansan Jangsang, Uiwang Gunpo Ansa and Hwaseong Jinan) totaling 27.0 km².

Districts	Area	Housing Units
	(thousand square meters)	
Namyangju Wangsook	10,294	52,000
Namyangju Wangsook 2	2,393	15,000
Incheon Gyeyang	3,333	17,000
Hanam Gyosan	6,860	33,000
Bucheon Daejang	3,499	19,000
Goyang Changreung	7,890	36,000
Gwangmyeong Siheung	12,714	67,000
Gwacheon	1,687	10,027
Ansan Jangsang	2,206	14,106
Uiwang Gunpo Ansa	5,968	40,818
Hwaseong Jinan	4,525	29,860

Residential Land Development Projects

In addition to the special projects described above, the Issuer is engaged in large-scale residential development projects (generally not exceeding 3.3 square kilometers in size) across Korea to increase the supply of sites for affordable housing. In connection with these projects, the Issuer develops and provides land with infrastructure for public amenities such as roads, parks, utilities, communication services and cultural and educational facilities. Building sites, zoned to ensure the desired housing mix, are sold to commercial developers and end users for construction of residential and commercial buildings.

In addition to residential land development pursuant to the Special Act on Public Housing, etc. in relation to the public housing project as discussed above, the Issuer undertakes residential land development projects under (i) the Housing Site Development Promotion Act and (ii) the Urban Development Act. These acts have been enacted to relieve the shortage in supply of residential land in urban areas. The stages for these projects involve designation of project site, approval of development plan, compensation, construction and sale or rental of the developed land.

The following table sets forth a summary of residential land development projects ongoing as of December 2023, pursuant to the Housing Site Development Promotion Act.

Stage of Project (Number of Project Sites)	Area	Housing Units	Expected Total Capital Requirements
	<i>(thousand square meters)</i>		<i>(billions of Won)</i>
Designation of project site (7)	7,602	46,762	5,186.2
Under construction (5)	5,754	33,179	4,187.2
Preconstruction (1)	1,165	8,866	854.4
Uncompensated ⁽¹⁾ (1)	683	4,717	144.6

Note:

- (1) An area has been designated for a development project, but compensation following the condemnation has not been provided yet.

The Issuer provides certain land sites in a residential development project, such as roads, parks and public spaces, to the Government or local governments for free. Under the Housing Site Development Promotion Act, costs incurred in connection with such free sites are included in the construction costs for the other sites in the same project to be borne by the purchasers of such other sites. Sites for schools, rental housing, public housing and relocation housing are sold at or below their construction costs. The percentage of land supplied at or below the construction cost is stipulated in the MOLIT's development guidelines. The remaining sites are sold above their construction costs and, in many cases, substantially higher than such construction costs; at their appraised prices, in the case of single-family housing and middle to large-sized apartments; or through competitive bidding, in the case of commercial districts or office districts.

Free Economic Zones

Under the Act on the Designation and Operation of the Free Economic Zone, the Government has designated certain areas as Free Economic Zones to provide certain tax and other incentives in an effort to attract foreign capital and create a more competitive business environment for foreign-invested enterprises and individuals. As of December 31, 2023, nine areas have been designated as Free Economic Zones with a total project area of approximately 275 square kilometers. Among the nine Free Economic Zones, the Issuer is responsible for the development of seven Free Economic Zones of which it has already completed two of them.

To promote Free Economic Zone projects, the Government has established the Office of Free Economic Zones under each local government. The Issuer actively participates in the projects in line with Government policy and has established a Free Economic Zone team to prepare development plans, including analysis of unused land, establishment of land utilization plan and analysis of economics.

The table below sets forth a summary of the ongoing Free Economic Zone development projects that the Issuer is responsible for.

Location	Area	Construction Period	Expected Total Capital Requirements
	(thousand square meters)		(billions of Won)
Incheon Chungra	15,440	2003 to 2024	60.65
Incheon Youngjung	13,510	2003 to 2022	57.49
Busan Myeongji	4,476	2003 to 2025	19.09
Busan Myeongji 2nd Phase	1,922	2003 to 2025	15.33
Yeongcheon High-Tech	1,222	2008 to 2023	1.46

Urban Renewal Projects

The objective of the Issuer's urban redevelopment and maintenance projects is to work with local municipalities and communities to design, develop and create a vibrant, refined and sustainable living environment that fosters quality of life through redevelopment of existing residential areas and communities that have been neglected or damaged over time and have ceased to function effectively as part of a city. To achieve this purpose, the Issuer engages in the following activities: (i) redevelopment of an entire residential area through reconstruction of aged buildings (also known as housing redevelopment and reconstruction projects), (ii) systematic restoration of uninhabitable urban areas with the objective of recovering urban functions (also known as urban environment improvement projects) and (iii) redevelopment of dilapidated residential areas or improvements to existing residential buildings (also known as residential environment improvement projects).

New Deal Roadmap for Urban Renewal

In March 2018, the MOLIT announced the New Deal Roadmap for Urban Renewal ("Urban Renewal New Deal") for urban renewal in order to address increasing levels of urban decay caused by population decline in many cities. Under the Urban Renewal New Deal, the Government laid out its urban renewal initiatives over the next five years to combat the continued deterioration of cities. First, the Government intends to improve living conditions in aged residential areas through the development of public infrastructure and amenities such as libraries, parking lots and other community facilities. Second, the Government plans to establish 250 "innovation hubs," including multicomplexes with housing and co-working spaces for startups, in order to foster the industrial competitiveness of cities. Third, the Government expects to create job opportunities for young residents in less developed areas through the provision of benefits such as workspaces with lower rents and business funding. Finally, the Government aims to enhance community relations by promoting resident participation in local renewal businesses and opening urban renewal support centers.

The following table is a summary of the types of projects undertaken by the Issuer pursuant to the Urban Renewal New Deal.

Project Type	Project Size	Project Description
Neighborhood Revival. . .	Small-scale residential (less than 50,000 square meters)	Restoration of local communities lacking vitality due to population outflow and deterioration, through small-scale residence restoration projects and providing basic convenient facilities
Residential Support.	Residential (approx. 50,000~100,000 square meters)	Improving overall residential conditions by setting a foundation for small-scale residence restoration, through alley renovations etc., and providing basic convenient facilities

Project Type	Project Size	Project Description
Regular Neighborhood . .	Semi-residential neighborhood district (approx. 100,000~150,000 square meters)	Creating community hubs for areas with a mix of residential and local commercial districts, for the purpose of revitalizing commercial districts, local stores and improving pedestrian walkways
Central District	Local commercial district (approx. 200,000 square meters)	Revitalizing commercial districts by promoting projects that restore public interest and community through linking historic, cultural and touristic projects, for areas with declining local commercial activity
Economic Center	Local industrial and economic district (approx. 500,000 square meters)	Creating new economic hubs and new jobs for areas with serious damages to local and national economic activity by, for example, establishing complex anchor facilities

Project sites are determined through a public selection process. In 2021, 2022 and 2023, the Issuer participated in 36, 29 and 14 renewal projects, respectively, pursuant to the Urban Renewal New Deal.

Housing redevelopment and reconstruction projects

Housing redevelopment and reconstruction projects involve improving residential areas of the city with poor infrastructure and a concentration of dilapidated buildings. Reconstruction projects involve reconstruction of dilapidated buildings but differ from redevelopment projects to the extent that the existing building infrastructure is maintained.

Housing redevelopment and reconstruction projects largely divide into (i) redevelopment of an entire residential neighborhood, including reorganization of surrounding commercial and industrial areas, and (ii) reconstruction of aged buildings. The Issuer's participation in redevelopment and reconstruction projects has historically been limited, as such projects were typically undertaken by private developers through a consortium of housing associations and construction companies. Both reconstruction and redevelopment activities by the Issuer generally have been limited to areas that private developers have avoided due to entangled ownership structures and differing interests among the existing tenants and land owners, poor state of surrounding infrastructure or other factors that in the aggregate did not promise a level of return on investments in order to make such redevelopment or reconstruction project a commercially viable proposition for a private developer.

The following table sets out housing redevelopment projects undertaken by the Issuer to date.

Location	Area	Units	Period
	(thousand square meters)		
Daegu – Dongsan	5	152	1985 to 1986
Daegu – Shincheon	35	917	1987 to 1989
Seoul – Sanggye	30	763	1991 to 1994
Seoul – Shilim 2-1	84	2,300	1995 to 2001
Seoul – Shilim 1 (Nangok)	172	3,322	2001 to 2006
Seongnam – Jungdong 3	40	672	2007 to 2012
Seongnam – Dandae	75	1,228	2007 to 2012
Anyang – Dukcheon	258	4,250	2008 to 2018
Seongnam – Joong 1	108	2,411	2009 to 2022
Seongnam – Kumgwang 1	233	5,320	2009 to 2022
Seongnam – Shinheung 2	211	4,774	2009 to 2023

The following table sets out housing reconstruction projects undertaken by the Issuer to date.

Location	Area	Units	Period
	(thousand square meters)		
Seongnam – Hadaewon	61	1,541	1999 to 2003
Pohang – Hwanho	93	2,750	2001 to 2007
Changwon – Bansong 2	125	2,610	2002 to 2006
Changwon – Bansong 1	133	2,699	2003 to 2007
Seoul – Sadang	21	480	2005 to 2008
Seongnam – Dandae	8	186	2009 to 2012

Residential Environment Improvement Projects

There are two types of residential environment improvement projects. The first type involves localized improvements, which are undertaken in areas where housing concentration is relatively low. For this type of projects, existing buildings are maintained and the relevant local government redevelops urban infrastructure, such as road, water and sewage systems, while the local residents receive support from the NHUF to improve or rebuild their apartment units. The second type of projects involves collective housing construction, which is undertaken in areas where it is difficult to make improvements to existing housing units due to high housing concentration and risk of natural hazards, such as frequent flooding and landslides. In such areas, the Issuer or other public developers purchase the entire land and buildings, demolish existing structures and construct and sell the newly built housing units to local residents.

The residential environment improvement projects undertaken by the Issuer are regulated by the Government pursuant to the Act on Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents, which enables the Government to manage residential environment improvement, housing redevelopment and housing reconstruction projects. As of December 31, 2023, the Issuer had 13 ongoing residential environment improvement projects consisting of over 18,356 housing units.

Overseas Land Development Projects

The Issuer provides consulting services to developing nations to assist them in formulating a basic plan for similar projects based on the Issuer's accumulated expertise in new city and industrial complex developments in collaboration with various Government ministries and agencies, such as the Korea International Cooperation Agency. The Issuer also undertakes residential, urban and industrial complex development projects outside of Korea to (i) promote closer economic ties with foreign countries, (ii) improve and establish relationships with countries as part of the Government's foreign policy, and (iii) strengthen the competitiveness of Korean companies' overseas manufacturing facilities by providing cost-competitive industrial complexes. The Issuer has completed projects in China, Colombia, Ghana, Indonesia, Mongolia, the Philippines, Tanzania, UAE and Vietnam, among other countries.

As of the date of the Offering Circular, the Issuer's principal overseas projects are the following:

- *Korea-Myanmar Industrial Complex.* In August 2019, the Issuer established KMIC Development Co., Ltd., a joint venture company with the Department of Urban and Housing Development of Myanmar's Ministry of Construction and Global Sae-A Co., Ltd. to build and develop the Korea-Myanmar Industrial Complex in Nyaung Hnit Pin, 10 km north of Yangon. The industrial complex will span 2.25 square kilometers and will include facilities for small, medium and large enterprises, employee housing and other business-related services. The joint venture will secure loans from the Economic Development Cooperation Fund administered by The Export-Import Bank of Korea to finance the construction of certain of the facilities and infrastructure. The Issuer invested Won 12.9 billion for a 40% interest in the joint venture, which marks the Issuer's first foreign investment development project, while the Ministry of Construction and Global Sae-A hold the remaining 40% and 20% interests, respectively. The project is currently on hold.

- *South Saad Al-Abdullah Smart City, Kuwait.* In May 2016, the MOLIT and Kuwait’s Ministry of State for Housing Affairs signed a memorandum of understanding to develop South Saad Al-Abdullah City, the first environmentally friendly and “smart” city in the Middle East. In January 2019, the Issuer signed a preliminary agreement with Kuwait’s Public Authority for Housing Welfare regarding the structure of the project. South Saad Al-Abdullah City represents the Issuer’s first project of exporting its smart city model overseas. Located west of Kuwait City on a site of 64.5 square kilometers, South Saad Al-Abdullah City is expected to accommodate between 25,000 and 40,000 households. In October 2021, Kuwait’s Public Authority for Housing Welfare informed the Issuer of its decision to suspend investment negotiations until the market stabilized and joint investment could be discussed under more certain and normal circumstances.
- *Hung Yen Industrial City, Vietnam.* In April 2017, the Issuer signed a memorandum of understanding with Ecopark Corporation, a Vietnamese real estate development, to construct an industrial city in Hung Yen province. The project involves developing industrial complexes, logistics and trade facilities, as well as residential clusters in Ly Thuong Kiet industrial city in Hung Yen province, located 30 km southeast of Hanoi. In September 2021, the Issuer established VTK Hung Yen Industrial Park Investment and Development Limited Liability Company, a joint venture company, together with the Korea Overseas Infrastructure and Urban Development Corporation, KBI Construction Co., Ltd., Shinhan Bank, and TDH Ecoland Urban Development and Investment Joint Stock Company to construct an industrial park for the purpose of strengthening the economic cooperation between Korea and Vietnam. The size of the industrial park currently under construction is 1.4 square kilometers, and construction is expected to be completed by November 2024.
- *Korea-Russia Industrial Complex, Russia.* In December 2020, the Issuer signed a business performance agreement with the Far East Development Corporation (“FEDC”) and the Far East Investment and Export Agency (“FEIEA”) to develop an industrial complex in Russia’s Nadezhdinskaya Advanced Special Economic Zone in its maritime province. The industrial complex is planned to span 0.5 square kilometers, and it is expected that the Issuer will construct factory sites and manage the leasing rights, while FEDC and FEIEA will acquire the land, construct infrastructure and secure tenants. In September 2021, the Issuer established LLC LH Primorye, a corporation, of which the Issuer invested Won 15.4 billion for a 100% interest. The project is currently on hold.
- *Korea-Vietnam G2G Based Program: Urban Growth Partnership Program.* In June 2023, the Issuer signed a memorandum of understanding with five provinces in northern Vietnam to facilitate the Urban Growth Partnership Program (the “UGPP”) to establish a government-to-government, or G2G, based cooperative relationship in urban and infrastructure development areas. The UGPP serves as collaborate platform aimed at creating new urban models in Vietnam by sharing Korea’s experiences, know-how, and technologies in new town and industrial complex development. The proceeds generated from these developments will be reinvested into public projects, including social housing projects. The benefits derived from urban development will be reinvested in public initiatives, including public housing. The Issuer, the Korea International Cooperation Agency, the Export-Import Bank of Korea and several government related entities are cooperating with the MOLIT to ensure the successful implementation of UGPP.

Relocation of the U.S. Military Base from Yongsan

In November 2007, the Government entered into an agreement with the U.S. government to relocate the U.S. military base located in the Yongsan area of Seoul to the Pyeongtaek region in Gyeonggi province. The Issuer is currently developing and constructing facilities in Pyeongtaek to accommodate the relocation of the U.S. military base and in exchange will receive the Yongsan base area for free. After the relocation, the Yongsan base area will be developed into a multipurpose area consisting of parks as well as residential and commercial complexes. The Yongsan base has an area of approximately 237,000 square meters, and the land for the Yongsan base area being exchanged is currently valued at approximately Won 3.6 trillion.

Operational Processes for Land and Housing Development Projects

Residential Land Procurement and Development Process

In order to carry out the Government's objective of developing a target number of housing units, the Issuer seeks out, procures and develops land suitable for residential purposes. The Issuer's National Land & Urban Development Division is responsible for carrying out these tasks.

Once the Issuer identifies potential land areas for development, the Issuer obtains necessary approvals from local governments for zoning changes, coordinates with central and local governmental agencies to obtain zoning approvals, including to the extent necessary, de-zoning of existing greenbelt land restrictions, and subsequently uses the land sites for construction and development of residential housing complexes either for sale or rent. The Issuer also develops commercial complexes, usually contained in large apartment complexes, for sale. To create a balanced housing environment with occupants from a wide range of the social spectrum, the Issuer tries to maintain a mix of small- and mid-sized units within a large residential complex. The Issuer generally sells land sites to private development companies for the development of housing units larger than 85 square meters. The Issuer also engages in the sale of land sites to the public or private sector for the development of educational, commercial, public, religious or municipal administrative facilities.

The development of land sites typically involves the following key steps:

- preparation of the development plan and feasibility study under the Government's policy direction;
- obtaining the MOLIT's approval for site designation;
- obtaining the approval of the MOLIT or the local government of the initial development plan, conducting environmental assessment and development of a master execution plan;
- acquisition of land;
- execution of the development project by engaging construction companies (i) if the Issuer is not directly engaged in construction activities and sale of land, or (ii) if the Issuer is charged with supervising construction; and
- completion of the project, including by completing any remaining construction procedures and administrative procedures.

Planning and Approval. When the Issuer selects a development site, it considers various factors including size suitability, expected compensation for the landowners and homeowners, pre-existing structures, geology, geography, site development costs and prospects for resale, and obtains the MOLIT's approval for a site designation.

When the Issuer intends to carry out a land development project, the Issuer must prepare and obtain the MOLIT's approval for a master execution plan related to the project, including approval of any subsequent material alterations thereto. Prior to granting approval, the MOLIT is obligated to consult with the mayor of the relevant city or the governor of the province affected by such project.

The approval of Designation of Project Site and Development Plan has the effect of designating the Issuer as a "project originator," giving it the power of expropriation and other development authorizations under applicable law.

Land Acquisition

As an entity in charge of executing the Government's public housing policy mandate, the Issuer enjoys several benefits over private development companies when procuring land. Once it has received approval of the Designation of Project Site and Development Plan, the Issuer is authorized under the LH Act and the Acquisition of Land Act to expropriate land, if necessary, for the relevant project. In addition, upon obtaining the approval of its specific plan for development, the Issuer is allowed to convert the zoning of the target land for residential or commercial purposes, without undergoing a separate approval process for zoning conversion under the National Land Planning and Utilization Act.

To obtain land needed for the project, the Issuer generally offers landowners (including homeowners, if applicable) the average of the land values appraised by three expert appraisers. Each party, namely the Issuer, landowners and the local government, selects one appraiser. Once an initial offer is made, the Issuer generally allows two to three months for the relevant landowner to consider the offer and to negotiate and agree to the land price and the terms of any relocation package. If the landowner does not agree to the offered amount, the Issuer may refer the matter to the Central Land Expropriation Committee appointed under the Acquisition of Land Act. In cases where the Issuer delays or fails to refer the dispute between the landowner and the Issuer, the landowner may request the Issuer to refer such dispute to the Central Land Expropriation Committee. In such case, the Issuer must refer such dispute to the Central Land Expropriation Committee without delay. For disputes between the landowners and the project originators, such as local governments or government-invested entities, the Central Land Expropriation Committee or the Local Land Expropriation Committee, as the case may be, acts as arbitrator. Pursuant to the Acquisition of Land Act and LH Act, any dispute that involves the Issuer must be settled by the Central Land Expropriation Committee, which is an institution under the MOLIT consisting of members with extensive experience in land expropriation, including professors and judges. While the Central Land Expropriation Committee has broad administrative powers and can review the scope of land to be expropriated, the compensation and the time and manner of expropriation, it normally appoints a third expert appraiser after a landowner has contested the Issuer's offer. The value given by such appraiser and adjudicated by the Central Land Expropriation Committee may be higher or lower than the original offer made by the Issuer. The Issuer generally pays the higher of such third appraisal and the original offer amount in order to provide maximum protection to landowners.

Site Development

Under the Housing Site Development Promotion Act, approval of an execution plan is deemed to give the Issuer approvals relating to land development that would otherwise be necessary under a number of land use statutes and regulations, including permission for land formation, authorization of water supply and sewage system construction, authorization for use of surface water and river resources and permission for road construction.

When the Issuer carries out a land development project, the Issuer, as the project originator, oversees the construction of basic infrastructure and public amenities, such as roads, utilities and public parks, on the development site. Utility companies are generally responsible for installing any new infrastructure necessary to bring their services to the boundaries of the site. When such infrastructure and public amenities require extensive investment, the Government may subsidize the Issuer's investment in such infrastructure by constructing the infrastructure, in whole or in part, with their own budget.

Construction

After the Issuer obtains approval of an execution plan from the relevant municipal and local government agencies, the Issuer will prepare a detailed design of the construction project and invite contractors to submit their respective bids on the construction project. A construction contract will be awarded to a successful bidder based on the Issuer's internal assessment of each bidder's qualifications. The completion of the construction, beginning with the selection of the development site, typically takes at least three to four years.

The Issuer subcontracts site developments to construction companies through competitive bidding, primarily through the following two systems:

- *Classified Competitive Bidding System.* Most of the construction projects of governmental agencies and public entities, including the Issuer's, use a classified competitive bidding system. This system is designed to prevent quality problems as a result of bidding wars resulting in bids that are too low. The classified competitive bidding system categorizes subcontractors into six different project classes, based on the evaluation of their construction experience, technological capability, financial condition and operational status. Only subcontractors in a specific class commensurate with the size of the project are permitted to participate in the bidding. The Issuer uses the classified competitive bidding system for engineering and construction projects with an estimated construction cost of Won 5 billion or more and other projects for which, in the judgment of the Issuer, the classified competitive bidding system is appropriate.
- *Pre-Qualification Evaluation System.* The Issuer uses, to a limited extent, a pre-qualification evaluation system for projects that require complicated construction processes and technology. This system preselects subcontractors with certain construction capability based on the evaluation of their construction experience, technological capability, financial condition and operational status, and allows only such preselected subcontractors to participate in the bidding. The Issuer applies this system to large-scale projects with an estimated construction cost of Won 30 billion or more. Such projects include construction of garbage incinerators and sewage disposal facilities as well as bridges and tunnels.

In general, the Issuer takes responsibility for overall project management and supervision, including planning, design and quality assurance. The Issuer exercises close supervision over the work quality of its subcontractors and maintains close long-term relationships with reliable subcontractors. The Issuer annually conducts reviews of subcontractors and rewards those with outstanding performance results, while restricting submission of bids from subcontractors that have performed below standard guidelines.

In April 2024, the function of bidding and selection of contractors, including the selection of design, construction and supervision companies has been transferred to the Public Procurement Service. For public housing projects, the bidding and pre-qualification evaluation systems are now managed by the Public Procurement Service. For other projects, the Issuer retains its original responsibility for selecting design, construction and supervision companies.

Usually, 10% of the total cost of construction is paid to the subcontractors in advance of actual construction and the remaining cost of construction is paid in regular installments thereafter, at least every 30 days, based on the percentage of completion of the construction work on each payment date. The following table sets out the scale of construction projects and the number of housing units under construction managed by the Issuer as of the periods indicated.

	Year ended December 31,		
	2021	2022	2023
Total number of initiated housing units under construction	25,488	18,431	10,944
Total number housing units completed	48,701	63,131	57,816

Sales and Payment

The preparation steps for sales of land and housing units by way of *bunyang* are as follows:

- *Sales preparation and approval.* The Issuer determines the sales price and sales method for the property in question and confirms the necessary administrative matters.
- *Sales approval.* Once the sales preparation process is completed, the Issuer obtains approvals (i) from the MOLIT (or the mayor or the governor of the local government delegated with such authority), in the case of residential sites and housing units, or (ii) from the MOLIT and the Minister of Oceans and Fisheries (or the mayor or the governor of the local government delegated with such authority), in the case of industrial complexes.

- *Execution of sale.* The Issuer generally selects purchasers by lottery after fixing the sales prices for residential sites or units, but also uses competitive bidding or individual negotiation procedures to determine purchasers for commercial sites or units. In the case of competitive bidding and lottery, the Issuer gives public notice seven days prior to the deadline for the subscription application. In order to be eligible to participate in the public bidding process to purchase a housing unit, an applicant must be a current resident in the proposed housing development area. Housing subscription savings account holders receive priority allocation. In case of Seoul Metropolitan Area, priority is given to candidates who maintain a subscription savings account for at least one year and have made at least 12 subscription savings payments on time.
- *After-sales management.* After the execution of sales, the Issuer carries out the necessary administrative matters, including, among other matters, ownership transfers, consents to usage and management of unsold land.
- *Payment method.* In the case of land sales, purchasers who pay in lump are typically required to make payments within two months. When payments are made in installments, generally, at the time of signing the purchase and sale agreement, 10% of the purchase price is paid in the form of a down-payment, and 40% is paid within three or six months, followed by a final payment of the remaining purchase price when the land becomes available for use, which is at the time of completion of construction on such land. The Issuer sells land with favorable conditions, such as long-term installment payments, for purchasers in relation to the real estate market environment. The longest payment period is five years, according to the current relevant regulations. If the purchaser cancels the contract, it forfeits the initial deposit which the Issuer is entitled to keep. In the case of sales of housing units by way of *bunyang*, purchasers typically deposit 10% of the purchase price at the time of signing the purchase agreement, 30% of the purchase price within three months of signing the contract and the remainder immediately prior to occupation of the unit.

Customers

The Issuer's key customers for land include the following:

- individuals, who purchase completed land from the Issuer and build their own properties;
- commercial developers for commercial properties, who range from small individual investors to large conglomerates, depending on the size of completed land site;
- construction companies, which purchase developed land from the Issuer to construct apartment buildings for sale or for leasing purposes; and
- central and local governments which purchase or obtain developed land from the Issuer to construct public facilities, including schools, libraries and office buildings.

Pricing

General market trends

In general, land and housing prices have steadily increased in Korea during the past decade, particularly in the Seoul metropolitan area where approximately half of the total population of Korea resides.

Land Pricing

The Issuer supplies land using three types of pricing structures: (i) below development costs, (ii) at development costs and (iii) above development costs. The method of determining land pricing is governed by relevant laws and regulations. Land development costs are also determined by relevant laws and regulations. These statutory development costs differ from cost of sales or values of inventories appearing in the Issuer's financial statements for accounting purposes and include cost of acquiring land, cost of developing land sites, labor costs, selling expenses, general and administrative expenses and cost of capital. Land supplied at prices below development costs include land for rental housing units of less than 85 square meters and public school sites. Land supplied at prices equal to development costs include private school sites and land for public agency facilities. Land supplied at prices above development costs include land for general residential housing and land for commercial facilities; for this type of land, prices are determined based on official assessment values and the land is supplied by way of open bidding or lottery.

Pricing for Housing for Sale

In setting the prices of housing units being sold by way of *bunyang*, the Issuer, in consultation with the MOLIT, considers various factors, including analysis of comparable market data in neighboring properties, private developers' *bunyang* price, real estate sales trends, demand for housing and overall housing market trends in the surrounding areas. Although *bunyang* sales prices have historically been set lower than market prices for comparable housing units in surrounding areas, the Issuer generates significant profits from its *bunyang* sales.

Determination of Rent and Key Deposit

Under Article 49 of the Special Act on Public Housing and Article 44 of the Enforcement Decree to the Act, rent and key deposit in relation to public rental housing, with certain exceptions, may not exceed standard rent and key deposit announced by the MOLIT. When setting standard rent and key deposit in relation to public rental housing, the MOLIT shall consider the following matters: (i) construction cost, (ii) financial aid, (iii) average rent and key deposits of public rental houses in the neighborhood, (iv) guarantee fee for key deposits, (v) cost of depreciation, maintenance and repair, and fire insurance and (vi) interest on National Housing and Urban Fund.

The following table sets out details of the criteria announced by the MOLIT in connection with the determination of standard rent and key deposit for public rental housing.

Formula	National Rental Housing	Integrated Public Rental Housing
Standard key deposit:	20% of the house price (adjusted depending on size of house and location of house)	35% of the rental price (adjusted depending on size of house, location of house, term of the lease, type of house, and average monthly income of tenant)
Standard rent:	Sum of followings: depreciation cost, annual maintenance and repair cost, actual cost of fire insurance, interest on National Housing and Urban Fund, and certain percentage of interest on self-raised funding. 1. Depreciation cost is calculated assuming useful life of 50 years and 10% of residual value under straight line method.	65% of the rental price (adjusted depending on size of house, location of house, term of the lease, type of house, and average monthly income of tenant) times actual market conversion rate at the location of house

Formula	National Rental Housing	Integrated Public Rental Housing
	2. Cost of annual maintenance and repair is calculated as 0.4% of construction cost	
	3. 50% of actual interest on self-raised funding times Kookmin Bank interest rate for one-year term deposit	

Subsidiaries and Affiliates

The following is a description of the Issuer's major subsidiaries and affiliates:

- Korea Housing Management Co., Ltd. ("KHMC") was established in 1989 as a wholly owned subsidiary of the Issuer. KHMC engages in the rental housing management business for permanent rental housing units and public rental housing units with lease terms of five or 10 years, built and supplied by the Issuer. As of June 30, 2024, the assets, liabilities and shareholders' equity of KHMC amounted to Won 155 billion, Won 134 billion and Won 21 billion, respectively. For the years ended December 31, 2021, 2022 and 2023, the Issuer paid KHMC management fees of Won 62 billion, Won 65 billion and Won 75 billion, respectively.
- The Issuer owns 38.57% of Korea Construction Management Corporation ("KCM"), which was established in 1999 to implement the Government's policy to enhance standards of construction work supervision. KCM engages in the supervision of construction works undertaken by third-party construction companies and aims to control the quality of the construction projects.

For further description of the Issuer's subsidiaries, affiliates and related party transactions, see Note 52 of the audited financial statements of the Issuer as of and for the years ended December 31, 2021, 2022 and 2023 included in the Offering Circular.

Competition

With regard to residential development projects, under the Housing Site Development Promotion Act, only certain entities, including the Government, local governments, the Issuer and local government-owned enterprises (collectively, the "Public Originators") and joint venture companies established from contributions by the Public Originators, as well as companies registered as housing construction project originators permitted to engage in residential development projects under the Housing Act, are eligible to be designated as project originators. Private developers are not so eligible due to their inability to exercise expropriation rights and limitations on their ability to carry out Government mandates. Currently, the Issuer, local governments and local government-owned enterprises are acting as project originators for public residential development projects. The Issuer engages in both housing development and all aspects of land development. Local governments and local government-owned enterprises are restricted to developing in their local areas and have limited funding capabilities. As a private corporation cannot be a project originator for public residential development projects pursuant to the Housing Site Development Promotion Act, private corporations can only act as sub-developers or subcontractors for construction projects.

With regards to industrial complex development, the Issuer is the sole project originator for all national industrial complex sites, which are industrial complex sites designated by the Minister of Land, Infrastructure and Transport as part of the development of the national core industry and high technology industry or the development of underdeveloped areas. There are a number of small project originators that construct small regional industrial sites, in which the Issuer does not participate. In general, given the broad mandate conferred on the Issuer by various statutes, including the LH Act and the Housing Site Development Promotion Act, the Issuer believes that it does not face any serious competition from its public or private competitors in the near future.

With regards to housing construction and supply, private corporations focus on markets for *bunyang* housing larger than 85 square meters, while the Issuer focuses on rental housing and, until recently, *bunyang* housing smaller than 85 square meters. Accordingly, the competition between the Issuer and private corporations has been limited.

While the Government lifted most restrictions on ownership of real estate property by foreigners, considering Korea's complex land acquisition system and regulations as well as the Issuer's public functions, the Issuer has not faced, and does not believe that it will face, any serious competition from foreign private developers in the near future.

Employees

As of June 30, 2024, the Issuer had a total of 8,865 employees, which include full-time and part-time employees, and 387 temporary employees.

The Issuer grants its employees annual increases in basic wages and semi-annual bonuses in accordance with the wage guidelines set by the Government. Under the guidelines applicable to Public Enterprises pursuant to the Act on the Management of Public Institutions, the Issuer may increase average wages up to 2.5% on a year-on-year basis for 2024. Although the Issuer is not obligated to follow these Government-issued guidelines, it is the Issuer's policy to increase its budget for labor cost within these guidelines. Wages increased by an average of 0.9%, 1.4% and 1.7% in 2021, 2022 and 2023, respectively, in accordance with the Government guidelines then in effect.

The Issuer provides its employees with the national pension plan and medical insurance and subsidizes half of the employee's contributions to the national pension plan and medical insurance. In addition, the Issuer provides other benefits such as company housing, low-interest housing loans and high-school and university tuition support.

As of December 31, 2023, almost all of the Issuer's eligible employees were members of the Issuer's labor union. The Issuer negotiates a collective bargaining agreement every two years, except for wages, which are negotiated every year. The current collective bargaining agreement is currently being negotiated.

Pursuant to applicable Korean law, an Employee-Employer Cooperation Committee, which is composed of three to ten representatives of management and three to ten union employee representatives, is required to be, and has been, established. The Committee meets periodically to discuss various labor issues. Issuer considers its relations with the labor union to be good.

Insurance

The Issuer believes that its properties are covered by adequate business compensation responsibility insurance, general fire insurance and general personal property insurance provided by reputable insurance companies with commercially reasonable deductibles and limits. The Issuer does not have insurance coverage for natural disasters.

Environment

The Issuer believes that it is in compliance in all material respects with applicable environmental laws and regulations. It is the Issuer's policy to implement environment-friendly housing construction and development policies and techniques. The Issuer has received an ISO 9001/14001 rating relating to its quality guarantee. In addition, the Government authorized the Issuer as one of the official test facilities of Volatile Organic Compounds and formaldehyde from building materials. Below is a list of environmental laws to which the Issuer is currently subject to:

- The Framework Act on Environmental Policy;
- The Clean Air Conservation Act;

- The Water Environment Conservation Act;
- The Noise and Vibration Control Act;
- The Construction Waste Recycling Promotion Act;
- The Environmental Impact Assessment Act;
- The Soil Environment Conservation Act
- The Environmental Dispute Adjustment Act; and
- The Wastes Control Act

Research and Development

The Issuer conducts its research and development activities (mainly relating to land, housing and urban development) primarily through the Land, Housing and Urban Research Institute, which is located in Daedeok, Daejeon. This institute performs theoretical and practical research on a variety of subjects, including national territorial development policies related to land and housing as well as urban planning, and provides technological support in relation to civil engineering, construction and environmental issues. In addition, the Issuer operates its own university, LH University, to foster development of technical expertise among its employees in various subject areas, including land development and housing construction.

Legal Proceedings

The Issuer is subject to lawsuits and legal actions in the ordinary course of its land, housing and urban development activities and other activities. As of June 30, 2024, the Issuer was involved in 1,479 legal proceedings for claimed damages of approximately Won 1,047 billion in the aggregate and has set aside legal provision in the amount of Won 280 billion. The majority of these legal proceedings relate to property owners, whose property has been appropriated under eminent domain in land development projects, initiating legal proceedings against the Issuer for additional compensation. The Issuer does not believe that any such lawsuits or legal actions, individually or in the aggregate, will have a material adverse effect on the Issuer's results of operations or financial position.

Since August 2023, the police has executed a series of search warrants at the Issuer's headquarters and regional offices in connection with its investigation into the Issuer's public housing apartment complexes with missing rebars in the underground parking lot. *See "Risks Relating to the Issuer – Misconduct by the Issuer's employees and third parties engaged by the Issuer could adversely affect the Issuer's reputation, business, results of operations and financial condition."* As of the date of the Offering Circular, the Issuer does not know whether it, or any of its employees, is a target of such investigation, and the Issuer is currently assessing the legal, regulatory and financial liabilities, if any, it may face from owners and tenants of the affected public housing apartment complexes and the Government.

MANAGEMENT

Directors and Executive Officers

Under Articles 17 and 18 of the Act on the Management of Public Institutions and the Articles of Incorporation of the Issuer, the management of the Issuer is vested in the Board of Directors, which consists of up to 15 directors, including the president but excluding the auditor. The Board of Directors is composed of standing directors and non-standing directors. The number of standing directors (including the president) must be fewer than one-half of the total number of directors. Currently, the Issuer's Board of Directors consists of seven standing directors including the Issuer's president and eight non-standing directors. For a discussion of the supervision of the Issuer by the Government and reporting obligations of the Issuer to the Government, see *"Relationship with the Government."*

The president of the Issuer serves as the Issuer's chief executive officer, represents the Issuer and administers the Issuer's business in all matters not specifically designated as responsibilities of the Board of Directors. The Issuer's president is responsible for the results of the management of the Issuer. The Issuer's president is appointed and removed by the President of Korea. When the Issuer's president is to be appointed, the ERC consisting of, among others, non-standing directors of the Issuer, goes through the process of recommending candidates for the position to the Minister of Land, Infrastructure and Transport.

Each director is responsible for reviewing the proposed agenda and participating in the voting process. Standing directors also serve as executive officers of the Issuer. Standing directors are appointed and removed by the president of the Issuer upon the recommendation of the ERC. Non-standing directors are appointed and removed by the Minister of Economy and Finance, after resolution by the PAMC upon the recommendation of the ERC.

The Act on the Management of Public Institutions and the Articles of Incorporation of the Issuer also require the Issuer to establish an Audit Committee as a committee of the Board of Directors. The Audit Committee is comprised of three members, of whom two members must be non-standing directors. The principal function of the Audit Committee is to conduct internal review of the Issuer's operations and accounting, and to present its opinion to the Board of Directors, thereby ensuring the independence and professionalism of the Issuer.

The Issuer's standing member of the Audit Committee is appointed by the President of Korea upon the motion of the Minister of Economy and Finance after resolution by the PAMC upon the recommendation of the ERC. The standing member of the Audit Committee is also a member of the Board of Directors.

The table below sets out the names, titles and, in the case of the Issuer's outside directors, outside occupations of the Issuer's present directors and the dates of their respective appointment.

Name	Age	Title	Outside Occupation	Position Held Since
Lee, Bum Rae	65	Standing Director and Member of Audit Committee	None	September 6, 2023
Lee, Han Joon	57	Standing Director and President	None	November 11, 2022
Park, Dong Sun	55	Standing Director and Head of the National Land & Urban Development Division	None	March 20, 2023
Lee, Sang Wook	56	Standing Director and Vice President	None	November 13, 2023
Ko, Byung Wook	66	Standing Director and Head of the National Housing Welfare Division	None	November 13, 2023

Name	Age	Title	Outside Occupation	Position Held Since
Oh, Joo Heon	58	Standing Director and Head of the Public Housing Business Division	None	November 13, 2023
Cho, Kyung Sook	57	Standing Director and Head of the Fair and Administration Innovation Division	None	March 21, 2024
Kim, Han Myung	63	Non-Standing Director and Member of Audit Committee	None	January 8, 2024
Kim, Deok Rae	54	Non-Standing Director	Director of Housing Research at Korea Housing Institute	January 8, 2024
Kim, Eun Jin	50	Non-Standing Director	Attorney at Yulchon LLC	January 8, 2024
Kim, Chu	43	Non-Standing Director	Attorney at Barum Law LLC	February 27, 2024
Kwon, Young Min.	55	Non-Standing Director and Member of Audit Committee	Professor of Architecture at Changwon Moonsung University; Member of Changwon-Si Urban Planning Committee; Member of Changwon-Si Architectural Committee	October 24, 2022
Kim, Kwang Mook	61	Senior Non-Standing Director	Director of Digital Government Innovation Research Center, SAP Korea	July 14, 2023
Lee, Hee Soo.	40	Non-Standing Director	LH Human Rights Center	July 14, 2023

Lee, Bum Rae has served as the Standing Director and Standing Auditor since September 6, 2023. Mr. Lee previously served as the Managing Partner of Hong Yoon, a law firm, and a member of the 18th National Assembly. Mr. Lee received his bachelor's degree in law from Seoul National University, a master's degree in business administration from Kyung Hee University and a doctorate degree in public administration from Konkuk University.

Lee, Han Joon has served as the Standing Director and President since November 11, 2022. Mr. Lee previously served as the president of Gyeonggi Housing & Urban Corporation and the vice president of the Korean Transport Institute.

Park, Dong Sun has served as the Standing Director and Acting Vice President since March 20, 2023. Mr. Park previously served as head of the Balanced Regional Development division, the Future Innovation division and the Urban Regeneration Projects division.

Lee, Sang Wook has served as the Vice President since November 13, 2023. Mr. Lee previously served as the Director of the Citizens Audit Department at the Board of Audit and Inspection of Korea.

Ko, Byung Wook has served as the Head of the National Housing Welfare division since November 13, 2023. Mr. Kim previously served as the Director of Urban Regeneration Projects at the Incheon Urban Development Corporation.

Oh, Joo Heon has served as the Head of the Public Housing Business division since November 13, 2023. Mr. Lee previously served as the Head of Seoul Regional Headquarters of LH.

Cho, Kyung Sook has served as the Head of the Fair Administration & Innovation division since March 21, 2024. Mr. Choi previously served as the Head of Busan-Ulsan Regional Headquarters of LH.

Kim, Han Myung has served as the Non-Standing Director since January 8, 2024. Mr. Kim previously served as the Director of Audit Office at Woori Investment & Securities Co., Ltd.

Kim, Deok Rae has served as the Non-Standing Director since January 8, 2024. Ms. Kim currently serves as the Director of Housing Research at Korea Housing Institute. She previously served as president of the Korean Housing Association and was a member of the Housing Policy Advisory Committee at MOLIT.

Kim, Eun Jin has served as the Non-Standing Director since January 8, 2024. Ms. Kim currently serves as the attorney of Yulchon LLC.

Kim, Chu has served as the Non-Standing Director since February 27, 2024. Mr. Kim currently serves as the attorney of Barun Law LLC. He was a member of the construction dispute mediation committee at MOLIT.

Kwon, Young Min has served as the Non-Standing Director since October 24, 2022. Mr. Kwon currently serves as a professor of architecture at Changwon Moonsung University and is a member of the Changwon-Si Urban Planning Committee and the Architectural Committee. He previously served as the Non-Standing Director of Gyeongnam Development Corporation.

Kim, Kwang Mook has served as the Non-Standing Director since July 14, 2023. Mr. Kim currently serves as the director of the Digital Government Innovation Research Center at SAP Korea. He previously served as the Chief Expert Member in the National Assembly's Budget and Accounts Committee and the Finance Committee.

Lee, Hee Soo has served as the Non-Standing Director since July 14, 2023. Ms. Lee is a board-level employee and works in the Public Housing Project division.

Compensation of Directors and Executive Officers

The aggregate amount of remuneration paid and accrued to the directors and executive officers, including the Standing Auditor, as a group was Won 900 million, Won 937 million and Won 818 million in 2021, 2022 and 2023, respectively.

Board Practices

The term of the president is three years, and the terms of the other directors are two years. As permitted by law in Korea, the Issuer's board does not maintain a remuneration committee.

SHARE OWNERSHIP

Share Ownership

The following table sets out certain information relating to the equity ownership of the Issuer as of June 30, 2024.

Name of Shareholder	Issued Capital	Ownership
	<i>(in billions of Won, except percentages)</i>	
Ministry of Land, Infrastructure and Transport	₩31,840	65.4%
Ministry of Economy and Finance	9,275	19.0
The Korea Development Bank	5,095	10.5
The Export-Import Bank of Korea	2,491	5.1
Total	₩48,701	100.0%

Dividends

The Issuer paid dividends to the shareholders in the amounts of Won 838 billion, Won 294 billion and Won 107 billion, with respect to the profit earned during the fiscal years ended December 31, 2021, 2022 and 2023, respectively.

REGULATION

The Issuer was established under the LH Act and remains subject to the rules and regulations of LH Act and other acts governing the housing industry such as the Housing Act and the Housing Site Development Promotion Act.

LH Act

According to the LH Act, the Issuer's objective is to advance the national economy by enhancing housing quality for Korean citizens and promoting efficiency in land use. In order to achieve this objective, the Issuer engages and will engage in activities related to the acquisition, development, stockpiling and supply of land, urban development and renewal and construction, supply and management of residential buildings.

More specifically, the Issuer engages or will engage in the following activities:

- (i) the following activities relating to the acquisition, etc. of land:
 - acquisition, development, stockpiling, management, supply and lease of land;
 - management of land bank account, establishment of land reservation plan, reservation, maintenance and supply of reservation land and other related businesses pursuant to the Public Land Reservation Act; and
 - purchase of land and construction pursuant to the Special Act on the Creation and Development of Innovative City;
- (ii) the following activities relating to the development of land and cities:
 - development of land zones for construction of housing or industrial facilities and of land zones for;
 - development of public facilities as defined in the Enforcement Decree of the LH Act;
 - urban development, urban regeneration and renewal of cities and residential areas;
 - construction of complexes having either a residential, industrial, educational, research, cultural, tourism, recreational, administrative, telecommunication technology, welfare or distribution function or of residential complexes or multi-complexes with comprehensive development plans for infrastructure and other facilities;
 - land reclamation;
 - South and North Korean economic cooperation;
 - Pre-sales by way of *bunyang* of land-leasehold housing units, which are housing units for which the title to the underlying land belongs to the developer and the ownership of the housing unit is held by the purchaser; and
 - supply of community energy;
- (iii) construction, renovation and refurbishment, purchase, reservation, supply, lease and management of housing;

- (iv) construction, renovation and refurbishment, supply and management of public buildings;
- (v) activities relating to providing housing-related assistance and related welfare assistance;
- (vi) consignment of sales and management of land;
- (vii) all other activities the Issuer is permitted to perform under the Housing Act, the Housing Site Development Promotion Act, the Urban Development Act, the Regional Development Assistance Act, the Industrial Sites and Development Act, the Public Land Reservation Act, the Special Act on Public Housing and other laws;
- (viii) construction and supply of facilities and amenities to promote public welfare (such as parks, playgrounds, parking lots and senior citizens centers, among others) facilities, pursuant to items (i) through (v), and (vii) above, as described in the Enforcement Decree of the LH Act;
- (ix) in connection with the aforementioned activities, any investigation, research, test, development of technology, development of material, designing, supervision, information management and any service related thereto;
- (x) performance of activities described under items (i) through (iii), (v), and (vii) through (ix) above which are delegated by the national or a local government or a “public institution” as defined in the Special Act on Balanced National Development; and
- (xi) activities incidental or ancillary to the ones described in the foregoing items (i) through (x) above.

The LH Act provides that the Issuer’s authorized capital is Won 50 trillion, and that all of the Issuer’s capital is to be contributed by the Government. In addition, the LH Act and the Enforcement Decree thereof provides regulations with regard to bonds issued by the Issuer, including the following:

- (i) the Issuer may issue bonds up to an amount not exceeding five times the Issuer’s paid-in capital and reserves with a resolution of the board of directors of the Issuer;
- (ii) the statute of limitations for claims on the payment of principal and the interest due under the bonds issued by the Issuer is five years and three years, respectively;
- (iii) the Government may guarantee the repayment of the principal of and interest on bonds issued by the Issuer; and
- (iv) the Issuer must establish an annual plan for issuance of bonds each year which must be approved by its board of directors and further approved by the Minister of Land, Infrastructure and Transport.

Under the LH Act, the Issuer, if it records any profit at the end of any fiscal year, is required to allocate its profit in the following order: (i) set-off of any previous losses carried forward; (ii) creation of profit reserves in an amount equal to two-tenths or more of the profit for the relevant fiscal year (until such time as the total reserves reach the amount equal to one half of the paid-in capital of the Issuer); (iii) creation of business expansion reserves in an amount equal to two-tenths or more of the profit for the relevant fiscal year (until such time as the total reserves reach the amount equal to the paid-in capital of the Issuer); (iv) creation of land bank reserves in an amount equal to four-tenth or more of the profit for the relevant fiscal year (until such time as the total reserves reach the amount equal to the paid-in capital of the Issuer) and (v) pay into the National Treasury. In case the Issuer records any loss in any fiscal year, such loss is offset by drawing from its business expansion reserves. If the business expansion reserves are insufficient to make up for the loss, then the remaining loss is to be compensated by drawing from the profit reserves. If there still remains any loss due to insufficient profit reserves, under the LH Act the

Government is required to provide a subsidy to mitigate such loss; *provided, that* such subsidy shall be limited only with respect to losses incurred by the public housing project under the Special Act on Public Housing, industrial site development projects under the Industrial Sites and Development Act, public housing management projects under the Special Act on Public Housing, urban development construction projects for the Multi-functional Administrative City under the Special Act on the Construction of Multi-functional Administrative City in Yeongi-Gongju Area for Follow-up Measures for New Administrative Capital and urban development projects under the Special Act on the Creation and Development of Innovative City.

The Minister of Land, Infrastructure and Transport supervises the appropriateness of the business operated by the Issuer as well as the results of operations of the Issuer.

In addition, the LH Act provides that the loans provided to the Issuer from the Government, including the loans provided by the NHUF under the National Housing and Urban Fund Act, shall be subordinated to the other payment obligations of the Issuer.

The Act on the Management of Public Agencies

The Act on the Management of Public Agencies regulates certain general matters relating to the Issuer such as obligations to report business performance, procedures for enacting and amending articles of incorporation, process of forming boards of directors and issuing resolutions, appointment and removal of officials, duties of officials, budgeting, submission of financial statements, disclosure of business and inspection of operations and management of Government-controlled institutions, including the Issuer.

The President of the Issuer, who serves as the Issuer's chief executive, is nominated by the ERC that consists of several non-standing directors and several private citizens recommended by the board of directors. The ERC recommends a pool of candidates, which is then deliberated by the PAMC. After the deliberation and upon recommendation by Minister of the MOLIT, the President is appointed by the President of Korea.

The President must enter into a management contract with the MOLIT pursuant to which the President must meet a certain minimum level of performance each year.

Other than the President, the standing directors are appointed by the President upon the recommendation of the ERC. The standing directors assist the President and act on his behalf when the President is unable to act.

The Issuer's standing member of the Audit Committee is appointed by the President of Korea upon the motion of the Minister of the MOEF after resolution by the PAMC upon the recommendation of the ERC. The standing member of the Audit Committee is also a member of the Board of Directors.

The non-standing directors are appointed by the Minister of the MOEF, after deliberation by the PAMC among a pool of candidates recommended by the ERC.

Other Laws and Regulations Relating to the Issuer's Business and Operations

The Issuer is subject to the following and other laws and regulations that regulate its business and operations:

The Housing Act. As an operator of land and housing development projects, the Issuer must comply with the Housing Act, which prescribes construction, supply and management of housing to meet the public demand and sets out the funding means and operations required to achieve such objectives. Under the Housing Act, the Issuer shall implement the housing construction project or the housing site preparation project under conditions determined by the comprehensive housing plan based on the Framework on the National Land. Also, the Issuer may deposit its fund in the NHUF when deemed necessary to promote the national housing projects, notwithstanding the LH Act.

The Housing Site Development Promotion Act. As a developer of residential sites, the Issuer must comply with the Housing Site Development Promotion Act, which encourages stability in national housing supply and promotes public welfare.

The National Land Planning and Utilization Act. As an operator of urban planning projects, the Issuer must comply with the National Land Planning and Utilization Act, which stipulates planning and execution details of developing, utilizing and preserving the national territory of Korea.

The Act on Report of Real Estate Transactions, Etc. Under the act, permission from a mayor or governor, as the case may be, must be sought to purchase land in certain restricted areas. However, when the agreement to purchase land in a restricted area is made between the Issuer and the mayor or governor of the restricted area, such permission shall be deemed to have been granted.

The Urban Development Act. As an entity authorized to perform urban development activities, the Issuer must comply with the Urban Development Act, which regulates matters necessary for such activities including execution of urban development projects.

The Act on Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents. As an entity authorized to perform such activities as improving dwelling conditions, redeveloping old or defective housing, rebuilding old or defective housing and reorganizing an urban environment, the Issuer must comply with the Act on Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents, which regulates plans for restoring low-quality residential housing. The Issuer may be obliged to acquire rental housing built by the redevelopment project of old or defective housing, and the Government may aid the financing of the fund required therefor.

The Special Act on Private Rental Housing. As a developer and supplier of land, the Issuer must comply with the Special Act on Private Rental Housing, which governs construction, supply and management of private rental housing and sets forth requirements for the rental housing business.

The Special Act on Public Housing previously, *the Special Act on the Construction of Public Housing.* As a builder and manager of housing and site development projects, the Issuer must comply with the Special Act on Public Housing, which promotes construction of public rental housing and housing units to be presold by way of *bunyang* for the benefit of low-income households. The Issuer shall acquire approval by MOLIT of each public housing project, and certain charges that are imposed on the public housing project including development charges, farmland conservation charges, metropolitan transport charges and traffic induction charges may be abated or exempted under the relevant laws and regulations.

The Industrial Sites and Development Act. As a developer of industrial site development projects, the Issuer must comply with the Industrial Sites and Development Act, which promotes efficient supply of industrial sites and appropriate placement of industry. The Issuer is also subject to a number of environmental laws and regulations. For further description, see “*Business – Environment.*”

KOREAN TAXATION

The following summary contains a description of certain Korean tax consequences of the ownership and disposition of Notes, but it does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase or dispose of Notes. This summary is based on the Korean tax laws in force on the date of the Offering Circular (which are subject to change and which changes may have retroactive effect) and does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the laws of Korea.

Prospective purchasers of Notes should consult their own tax advisers as to the Korean or other tax consequences of the ownership and disposition of Notes, including the effect of any foreign, state or local tax laws.

The taxation of non-resident individuals and non-Korean corporations generally depends on whether they have a “Permanent Establishment” (as defined under Korean law and applicable tax treaty) in Korea to which the relevant Korean source income is attributable or with which such relevant Korean source income is effectively connected. Non-residents without such a Permanent Establishment in Korea (“Non-Residents”) are taxed in the manner described below. Non-residents with such Permanent Establishment are taxed in accordance with different rules.

Income Tax and Corporation Tax on Interest

Interest on the Notes paid to Non-Residents is exempt from income tax and corporation tax (whether payable by withholding or otherwise) pursuant to the Special Tax Treatment Control Law (the “STTCL”), provided that the Notes are “foreign currency denominated bonds” issued outside of Korea under the STTCL. The term “foreign currency denominated bonds” in this context is not defined under the STTCL. In this regard, the Korean tax authority issued an authoritative ruling to the effect that “Notes Issuance Facility, USCP, Euro CP and Banker’s Acceptance, etc.” are not treated as “foreign currency denominated bonds.”

If not exempt under the STTCL, the rate of income tax or corporation tax applicable to interest or any premium on the Notes, for a Non-Resident, is currently 14%. In addition, a tax surcharge, called a local income tax, is imposed at the rate of 10% of the income or corporation tax (raising the total tax rate to 15.4%).

The tax rates may be reduced by applicable tax treaty, convention or agreement between Korea and the country of the recipient of the interest. The relevant tax treaties are discussed below.

Capital Gains Tax

The Korean tax laws currently exclude from Korean taxation gains made by a Non-Resident from the sale of Notes to another non-resident (other than to the other non-resident’s Permanent Establishment in Korea). In addition, capital gains earned by a Non-Resident from the transfer outside Korea of the Notes are currently exempt from taxation by virtue of the STTCL, provided that the issuance of the Notes is deemed to be an overseas issuance.

In the absence of an applicable tax treaty or any other special tax laws reducing or eliminating the capital gains tax, the applicable rate of tax is the lower of 11% (including local income tax) of the gross realization proceeds (the “Gross Realization Proceeds”) and (subject to the production of satisfactory evidence of the acquisition cost and certain direct transfer cost of the relevant Notes) 22% (including local income tax) of the gain made. There is no provision under the relevant Korean law for offsetting gains and losses or otherwise aggregating transactions for the purpose of computing the net gain attributable to sales of securities of Korean companies.

The purchaser or any other designated withholding agent of Notes is obliged under Korean law to withhold the applicable amount of Korean tax and make payment thereof to the relevant Korean tax authority. Unless the seller can claim the benefit of an exemption from the tax under an applicable tax treaty, in the absence of the seller producing satisfactory evidence of his or her acquisition cost and certain direct transfer cost in relation to the Notes being sold, the purchaser or such withholding agent must

withhold an amount equal to 11% of the Gross Realization Proceeds. Any amounts withheld by the purchaser or such withholding agent must be paid to the relevant Korean tax authority no later than the tenth day of the month following the month in which the payment for the sale of the relevant Notes occurred. Failure to transmit the withheld tax to the Korean tax authorities in time technically subjects the purchaser or the withholding agent to penalties under Korean tax laws and a Non-Resident who is liable for payment of any Korean tax on gains, either as a seller of Notes or as a purchaser or the withholding agent who is obliged to withhold such tax, is subject to the Korean tax authorities seeking enforcement through attachment of, or other legal proceedings against, payments due to it from its Korean investments and to enforcement against the assets or revenues of any of the Non-Resident's branch or representative offices in Korea.

Inheritance Tax and Gift Tax

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his or her death he or she was domiciled in Korea or had resided in Korea for at least 183 days immediately prior to his or her death and (b) all property located in Korea which passes on death (irrespective of the domicile or residence of the deceased). Gift tax is imposed under similar circumstances as aforementioned at the time the gift is made. The taxes are imposed if the value of the relevant property is above a certain limit and the rate varies from 10% to 50% according to the value of the property and the identity of the parties involved. In July 2024, the Government announced the 2024 Tax Law Amendments, which proposed lowering the highest inheritance and gift tax rates from 50% to 40%. If the amendment passes, it will take effect on January 1, 2025. At present, Korea has not entered into any tax treaties regarding its inheritance or gift taxes.

Under the Korean inheritance and gift tax laws, notes issued by Korean corporations are deemed located in Korea irrespective of where they are physically located or by whom they are owned, and consequently, the Korean inheritance and gift taxes will be imposed on transfers of the Notes by inheritance or gift. Prospective purchasers should consult their personal tax advisers regarding the consequences of the imposition of the Korean inheritance or gift tax.

Stamp Duty and Securities Transaction Tax

No stamp, issue or registration duties will be payable in Korea by Non-Resident holders of Notes in connection with the issue of the Notes except for a nominal amount of stamp duty on certain documents executed in Korea which will be paid by the Issuer. A securities transaction tax will not be imposed on the transfer of Notes.

Tax Treaties

At the date of the Offering Circular, Korea has tax treaties with *inter alia* Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America under which the rate of withholding tax on interest is reduced, generally to between 5% and 16.5% (13.2% under the treaty with the United States) (including local income tax), and the tax on capital gains is often eliminated (as it is generally under the treaty with the United States).

Each Non-Resident holder should enquire for himself whether he is entitled to the benefit of a tax treaty. It is the responsibility of the party claiming the benefits of a tax treaty in respect of interest payments to file with the Issuer a certificate as to his or her residence. In the absence of sufficient proof, the Issuer must withhold taxes in accordance with the above discussion.

In order to claim the benefit of a tax rate reduction or tax exemption available under the applicable tax treaties, a Non-Resident holder must submit to the payer of such Korean source income an application (for a reduced withholding tax rate, "application for entitlement to a reduced tax rate" and in the case of exemption from withholding tax, "application for exemption" under a tax treaty along with the documents proving the beneficial owner of such Korean source income including a certificate of the Non-Resident holder's tax residence issued by a competent authority of the Non-Resident holder's residence country) as the beneficial owner (the "BO Application"). Such application should be submitted to the withholding agent prior to the payment date of the relevant income. Subject to certain exceptions, where the relevant

income is paid to an overseas investment vehicle (which is not the beneficial owner of such income) (“OIV”), the beneficial owner claiming the benefit of an applicable tax treaty with respect to such income must submit its BO Application to such OIV, which must submit an OIV report and a schedule of beneficial owners (together with the applicable BO Application), to the withholding agent prior to the payment date of such income. Effective from January 1, 2022, an OIV is deemed to be a beneficial owner of Korean source income for income tax purposes, if (i) under the applicable tax treaty, the OIV bears tax liabilities in the country in which it is established or the OIV is deemed to be the owner of the Korean source income; and (ii) the Korean source income is eligible for treaty benefits under the tax treaty. The benefits under a tax treaty between Korea and the country of such OIV’s residence will apply with respect to the relevant income paid to such OIV, subject to certain application requirements as prescribed by the Corporate Income Tax or Individual Income Tax Law. In the case of a tax exemption application, the withholding agent is required to submit such application (together with the applicable OIV report and a schedule of beneficial owners in the case of income paid to an OIV) to the relevant district tax office by the ninth day of the month following the date of the payment of such income.

An application for entitlement to a reduced tax rate and tax exemption submitted by a Non-Resident holder remains effective for three years from submission, and if any material changes occur with respect to the information provided in the application, an application reflecting such change must be newly submitted. However, this requirement does not apply to tax exemptions under Korean tax laws.

Withholding and Gross-up

As mentioned above, interest on the Notes is exempt from any withholding or deduction on account of income tax or corporation tax pursuant to the STTCL. However, in the event that the Issuer is required by law to make any withholding or deduction for or on account of any Korean taxes, the Issuer has agreed, subject to certain customary exceptions, to pay such additional amounts as may be necessary in order that the net amounts received by the Noteholder after such withholding or deduction shall equal the respective amounts received by the Noteholder in the absence of such withholding or deduction.

BOOK-ENTRY CLEARANCE SYSTEMS

This section includes provisions applicable to Rule 144A Global Notes and Definitive IAI Registered Notes in case the Program and the related offering circular are amended to permit such notes to be issued under the Program. The Notes offered or sold pursuant to the Offering Circular may be offered and sold only to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act of 1933, as amended.

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream (together, the “Clearing Systems”) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Arranger, any Dealer nor any party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The relevant Pricing Supplement will specify the Clearing System(s) applicable for each Series.

Book-entry Systems

DTC

DTC has advised the Issuer that it is a limited purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “Rules”), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system (“DTC Notes”) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the U.S. Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (“Owners”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC’s records. The ownership interest of each actual purchaser of each DTC Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions.*"

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in Respect of DTC Notes

The Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositories of Euroclear and Clearstream. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under “*Subscription and Sale and Transfer and Selling Restrictions*,” cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Fiscal Agent and any custodian (“Custodian”) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date two business days after the trade date (T+2). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Fiscal Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The Dealers have, in an amended and restated program agreement dated July 11, 2017, as supplemented by the first supplement dated July 5, 2019, the second supplement dated October 16, 2020 and the third supplement dated October 7, 2022 and as further amended, supplemented and/or restated from time to time (the “Program Agreement”), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase or procure purchasers for Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*.” In the Program Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Program and the issue of Notes under the Program and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may, to the extent permitted by applicable laws and regulations, engage in transactions that stabilize, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilize or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilizing or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilization activities are subject to certain prescribed time limits in certain jurisdictions.

General

Each Dealer has agreed and each further Dealer appointed under the Program will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes the Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

Important Notice to CMIs (including private banks) pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for the relevant CMI Offering and are subject to additional requirements under the SFC Code. The application of these obligations will depend on the role(s) undertaken by the relevant Dealer(s) in respect of each CMI Offering.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Notes. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer or any CMI (including its group companies) and inform the relevant Dealers accordingly.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for the relevant CMI Offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language or any UK MiFIR product governance language set out elsewhere in this Offering Circular and/or the applicable Pricing Supplement.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Notes (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Notes. CMIs are informed that a private bank rebate may be payable as stated above and in the applicable Pricing Supplement, or otherwise notified to prospective investors.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Dealers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Notes, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Manager(s) (if any) to categorize it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order and will result in that private bank not being entitled to, and not being paid, any rebate.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code); and
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to the Managers named in the relevant Pricing Supplement.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for the relevant CMI Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the relevant CMI Offering. The relevant Dealers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Dealer with such evidence within the timeline requested.

Certain Relationships

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer and its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer and its affiliates in the ordinary course of their business. The Dealers or certain of their affiliates may place an order for, or purchase, the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution and the size of such order, purchase or allocation may be material.

The Dealers or their respective affiliates may purchase the Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Issuer or its subsidiaries or associates, at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which the Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes).

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and U.S. Treasury regulations.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (“Regulation S Notes”) each Dealer has represented and agreed that it will not offer, sell or deliver such Regulation S Notes as part of their distribution at any time. Each Dealer has further agreed, and each further Dealer appointed under the Program will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period (other than resales pursuant to another exemption from the registration requirements of the Securities Act) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The minimum aggregate principal amount of Notes is US\$200,000 (or the approximate equivalent thereof in any other currency).

Each issuance of Commodity Linked or Currency Linked Notes may be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable,” each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area (“EEA”). For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the “**Prospectus Regulation**”); and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable,” in relation to each Member State of the European Economic Area and the United Kingdom (each, a “Relevant State”), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not made and will not make an offer of any Notes which are the subject of the offering contemplated by the Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (A) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (B) at any time to any legal entity which is a “qualified investor” as defined in the Prospectus Regulation;

- (C) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

- (D) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, (a) the expression “an offer of Notes to the public” in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, and (b) the expression “Prospectus Regulation” means Regulation (EU) 2017/1129, as amended.

United Kingdom

Unless the Pricing Supplement in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of the UK Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the pricing supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

- (A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(C) at any time if the denomination per Note being offered amounts to at least €100,000 (or equivalent); or

(D) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (A) to (D) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression “an offer of Notes to the public” in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Switzerland

The offering of the Notes in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act (“FinSA”) because such offering is made to professional clients within the meaning of the FinSA only and the Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Offering Circular does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

Korea

Each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to represent and agree that:

- (a) it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any Notes in Korea, or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transactions Law of Korea), except as otherwise permitted by applicable Korean laws and regulations; and
- (b) any securities dealer to whom each Dealer and each further dealer may sell the Notes will agree that it will not offer any Notes, directly or indirectly, in Korea, or to any resident of Korea, except as permitted by applicable Korean laws and regulations, or to any other dealer who does not so represent and agree.

Japan

Each Dealer has acknowledged, and each further Dealer appointed under the Program will be required to acknowledge, that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the “FIEA”). Each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to represent and agree that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Program will be required to acknowledge, that the Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that:

- (a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the (WUMP)O; and
- (b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO Kong and any rules made under the SFO.

Transfer Restrictions

As a result of the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered pursuant to the Offering Circular.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or the securities laws of any other jurisdiction. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act. Terms used in this section are defined in Regulation S.

Each purchaser of the Notes hereunder will be deemed to have represented and agreed as follows:

- (1) the purchaser has offered or sold the Notes, and will offer and sell the Notes, as part of the purchaser's distribution at any time, only to, or for the account or benefit of, persons who are not U.S. persons (as defined in Rule 902 of the Securities Act) in offshore transactions outside the United States in accordance with Regulation S under the Securities Act, and the purchaser, the purchaser's Affiliates (and any persons acting on behalf thereof) have complied, and will comply, with the offering restrictions requirements of Regulation S;
- (2) the purchaser agrees that neither the purchaser nor any of the purchaser's Affiliates (or any persons acting on behalf thereof) has engaged, or will engage, in any "directed selling efforts" within the meaning of Regulation S under the Securities Act in connection with the offering of the Notes;
- (3) the purchaser acknowledges that until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States or to any non-U.S. person by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act;
- (4) at or prior to the confirmation of sale of any Notes sold in reliance on Regulation S, the purchaser will have sent to each distributor, dealer or other person receiving a selling concession, fee or other remuneration that purchases Notes from it during the restricted period a confirmation or notice to substantially the following effect:

THE NOTES COVERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS AS PART OF THEIR DISTRIBUTION AT ANY TIME, EXCEPT IN ACCORDANCE WITH REGULATION S. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S;

- (5) Prior to or simultaneously with the confirmation of sale by the purchaser to any subsequent purchaser of any of the Notes purchased by the purchaser from the Issuer pursuant hereto, the purchaser shall have furnished to that subsequent purchaser a copy of the Offering Circular (and any amendment or supplement thereto that the Issuer shall have furnished to the purchaser prior to the date of such confirmation of sale); and

- (6) the Notes will bear legends to the following effect, unless the Issuer determines otherwise in compliance with applicable law, and such purchaser will observe the restrictions contained therein:

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND MAY NOT BE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON EXCEPT PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ALL APPLICABLE STATE SECURITIES LAWS. TERMS USED ABOVE HAVE THE MEANINGS GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM TO KOREA LAND & HOUSING CORPORATION OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CITIVIC NOMINEES LIMITED OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM (AND ANY PAYMENT IS MADE TO CITIVIC NOMINEES LIMITED OR TO SUCH OTHER ENTITY AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF EUROCLEAR AND CLEARSTREAM), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, DB NOMINEES (HONG KONG) LIMITED, HAS AN INTEREST HEREIN.

Transfer Restrictions under Korean Laws and Regulations

Each purchaser of the Notes, by accepting delivery of the Offering Circular, will be deemed to have acknowledged, represented and agreed as follows:

THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND ITS ENFORCEMENT DECREE), EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS.

Transfer Restrictions under the Laws of Singapore

Where the Notes are initially subscribed or purchased by (i) an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA, the Notes may only be sold or transferred: (a) at any time, to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, or (b) at any time, to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

GENERAL INFORMATION

Authorization

The establishment of the Program has been duly authorized under the articles of incorporation and by a resolution of the Board of Directors of the Issuer and an authorization of the Issuer's representative director. Each issue of Notes under the Program will be authorized by the Board of Directors at the time of issue or by the representative director of the Issuer when delegated by the Board of Directors of the Issuer to approve the issue of the Notes within one year specifying the total amount to be issued and type of Notes.

Listing of Notes on the Singapore Stock Exchange

Approval in-principle has been received from the Singapore Stock Exchange in connection with the Program and application will be made for the listing and quotation of Notes that may be issued pursuant to the Program and which are agreed, at or prior to the time of issue thereof, to be so listed and quoted on the Singapore Stock Exchange. Such permission will be granted when such Notes have been admitted for listing and quotation on the Singapore Stock Exchange. The Singapore Stock Exchange assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of any Notes on, the Singapore Stock Exchange are not to be taken as an indication of the merits of the Issuer, the Program or the Notes. For so long as any Notes are listed on the Singapore Stock Exchange and the rules of the Singapore Stock Exchange so require, such Notes, if traded on the Singapore Stock Exchange, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies).

Documents Available

From the date hereof and so long as Notes are capable of being issued under the Program, copies of the following documents will, when published, be available from the registered office of the Issuer and in case the of the documents (ii) – (iv) referred below from the specified office of the Principal Paying Agent during normal business hours (being between 9:00 a.m. to 3:00 p.m.) and upon prior written notice and satisfactory proof of holding for the time being in London:

- (i) the articles of incorporation (together with English translations) of the Issuer;
- (ii) the Program Agreement, the Agency Agreement, the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (iii) a copy of the Offering Circular;
- (iv) any future offering circulars, prospectuses, information memoranda and supplements including Pricing Supplements (except that a Pricing Supplement relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to the Offering Circular and any other documents incorporated herein or therein by reference; and
- (v) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

Clearing Systems

The Notes in bearer form have been accepted for clearance through Euroclear and Clearstream. The appropriate Common Code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream will be specified in the applicable Pricing Supplement. The CUSIP and/or CINS numbers (if any) for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Pricing Supplement.

Independent Auditor

The Issuer's audited consolidated financial statements as of and for the years ended December 31, 2023, 2022 and 2021, which are included herein, have been audited, and the Issuer's reviewed consolidated financial statements for the six months ended June 30, 2023, which are included herein, have been reviewed, by RSM Shinhan Accounting Corporation, the Issuer's previous independent accountants, as stated in their reports appearing therein. The reports of RSM Shinhan Accounting Corporation express unqualified opinions.

The Issuer's reviewed consolidated financial statements as of and for the six months ended June 30, 2024, which are included herein, have been reviewed by Ernst & Young Han Young, the Issuer's current independent auditor, as stated in their report appearing therein. The report of Ernst & Young Han Young expresses an unqualified review conclusion.

The Issuer's reviewed consolidated financial statements as of June 30, 2024 and for the six months ended June 30, 2024 and 2023 have not been audited. Consequently, such financial statements should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit by an independent auditor.

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Report on review of interim consolidated financial statements

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors Korea Land & Housing Corporation

We have reviewed the accompanying interim consolidated financial statements of Korea Land & Housing Corporation and its subsidiaries (collectively referred to as the “Group”), which comprise the interim consolidated statement of financial position as of June 30, 2024, and the related interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period ended June 30, 2024, and a summary of material accounting policies and other explanatory information.

Management’s responsibility for the interim consolidated financial statements

Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with the Accounting Standards for Public Enterprises and Quasi-governmental Institutions in the Republic of Korea (“Government Accounting Standards”), and for such internal control as management determines is necessary to enable the preparation of the interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing (“KSA”) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not presented fairly, in all material respects, in accordance with the Government Accounting Standards.

Emphasis of matter

Without affecting our review conclusion, we emphasize Note 2 to the interim consolidated financial statements, which users of this report should carefully consider. As explained in Note 2, the interim consolidated financial statements of the Group have been prepared in accordance with the Government Accounting Standards. For matters not specified in the Government Accounting Standards, the Group has applied the International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") pursuant to Article 2, Paragraph 5 of the Government Accounting Standards.

Other matters

The interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the six-month period ended June 30, 2023, prepared in accordance with KIFRS 1034 and presented for comparative purposes, have been reviewed by Shinhan Accounting Corporation whose review report dated August 23, 2023 expressed an unqualified review conclusion thereon.

In addition, the consolidated statement of financial position of the Group as of December 31, 2023, and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended (not presented herein) have been audited by Shinhan Accounting Corporation, in accordance with KSA, whose report dated February 21, 2024 expressed an unqualified opinion thereon. The accompanying consolidated statement of financial as of December 31, 2023, presented for comparative purposes, is not different, in all material respects, with the above audited consolidated statement of financial position.



August 23, 2024

This review report is effective as of August 23, 2024, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of independent auditor's review report to the time this review report is used. Such events and circumstances could significantly affect the accompanying interim consolidated financial statements and may result in modification to this review report.

Korea Land & Housing Corporation and its subsidiaries
Interim consolidated statements of financial position
as of June 30, 2024 and December 31, 2023

(In Korean won)

	Notes	June 30, 2024 (Unaudited)	December 31, 2023
Assets			
Current assets			
Cash and cash equivalents, net	4,27	₩ 1,768,988,751,702	₩ 2,409,059,160,030
Current financial assets	4,27	5,508,018,281,634	3,998,355,712,079
Trade and other receivables, net	4,6,27	1,479,908,164,933	1,782,171,104,438
Inventories, net	4,7	83,399,819,449,912	83,288,126,460,970
Current non-financial assets	4,8	4,781,507,009,382	4,646,254,691,398
Assets classified as held-for-sale	4,25	152,069,020,052	152,025,350,052
		<u>97,090,310,677,615</u>	<u>96,275,992,478,967</u>
Non-current assets			
Non-current financial assets, net	4,5,27	1,461,751,778,147	1,331,923,076,235
Long-term trade and other receivables, net	4,6,27	3,670,310,535,816	3,497,545,197,105
Property, plant and equipment, net	4,10	1,265,016,548,980	1,260,852,390,427
Investment properties, net	4,11	121,049,609,045,724	119,434,479,871,939
Intangible assets excluding goodwill, net	4,12	59,012,682,057	62,441,502,241
Investments in associates	3,4,9	300,570,314,411	291,320,518,857
Net employee defined benefit assets	15	-	1,960,278,223
Deferred tax assets	4	359,410,503,484	694,515,017,297
Non-current non-financial assets	4,8	5,904,044,483	5,858,855,338
		<u>128,171,585,453,102</u>	<u>126,580,896,707,662</u>
Total assets		<u><u>₩ 225,261,896,130,717</u></u>	<u><u>₩ 222,856,889,186,629</u></u>

(Continued)

Korea Land & Housing Corporation and its subsidiaries

Interim consolidated statements of financial position (continued)
as of June 30, 2024 and December 31, 2023

(In Korean won)

	Notes	June 30, 2024 (Unaudited)	December 31, 2023
Current liabilities			
Trade and other payables, net	4,10,13,27	₩ 18,890,356,215,971	₩ 19,255,536,991,507
Current financial liabilities, net	4,14,27,28	7,870,411,204,438	6,665,376,903,658
Income tax payable	4	280,811,448,161	30,791,753,866
Current non-financial liabilities	4,17	17,986,729,126,783	19,418,748,148,865
Current provisions	4,16	15,007,675,765,503	15,341,795,690,723
Subtotal		60,035,983,760,856	60,712,249,488,619
Non-current liabilities			
Long-term trade and other payables, net	4,10,13,27,28	10,662,078,965,196	9,500,678,699,596
Non-current financial liabilities, net	4,14,27,28	80,781,593,687,881	81,716,432,810,521
Non-current non-financial liabilities	4,17	111,796,936,490	115,748,595,217
Net employee defined benefit liabilities	4,15	454,212,266,707	458,009,910,368
Non-current provisions	4,16,29	305,424,594,433	344,200,556,220
Subtotal		92,315,106,450,707	92,135,070,571,922
Total liabilities		152,351,090,211,563	152,847,320,060,541
Equity			
Issued capital	1,4,18	48,700,997,116,665	46,437,867,880,665
Discount on stock issuance	18	(10,863,020,320)	(13,546,816,600)
Retained earnings	4,19	24,245,379,630,079	23,562,374,665,131
Other components of equity	4,20,24	(29,583,356,022)	12,778,356,054
Equity attributable to the shareholders of the parent		72,905,930,370,402	69,999,474,085,250
Non-controlling interests		4,875,548,752	10,095,040,838
Total equity		72,910,805,919,154	70,009,569,126,088
Total equity and liabilities		₩ 225,261,896,130,717	₩ 222,856,889,186,629

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

Korea Land & Housing Corporation and its subsidiaries
Interim consolidated statements of comprehensive income
for each of the six-month periods ended June 30, 2024 and 2023 (unaudited)
(In Korean won)

	Notes	Six months ended June 30	
		2024	2023
Sales	3,4,11,21	₩ 9,569,513,773,184	₩ 5,322,574,553,655
Cost of sales	4,7,11,21,26	(8,576,206,461,189)	(5,246,211,195,947)
Gross profit	4	993,307,311,995	76,363,357,708
Selling and administrative expenses	4,6,10,12,15,26	(436,713,453,648)	(392,583,732,335)
Operating profit (loss)	3,4	556,593,858,347	(316,220,374,627)
Other income	4,6,22	1,122,435,677,090	740,705,845,405
Other expenses	4,6,22	(320,551,227,589)	(267,942,979,172)
Other losses	4,22	(585,448,429)	(1,242,185,803)
Finance income	4,23	211,586,054,417	243,711,743,886
Finance costs	4,10,23	(580,885,831,997)	(497,525,738,067)
Share of profit from associates and joint ventures	4,9	14,869,607,005	2,344,432,248
Profit (loss) before income tax expense	4,24	1,003,462,688,844	(96,169,256,130)
Income tax expense	4,24	(210,469,109,162)	(29,434,516,849)
Profit (loss) after tax for the period from continuing operations		792,993,579,682	(125,603,772,979)
Profit (loss) for the period		792,993,579,682	(125,603,772,979)
Other comprehensive income:			
Other comprehensive income (loss)			
not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains on defined benefit plans		5,693,789,630	22,990,999,054
Gains (losses) on disposal of financial assets (equity instruments) measured at fair value through other comprehensive income		-	(32,950)
Gains (losses) on valuation of financial assets (equity instruments) measured at fair value through other comprehensive income		544,500	2,062,500
Other comprehensive income (loss)			
to be reclassified to profit or loss in subsequent periods:			
Net loss on cash flow hedge accounting		(40,073,194,570)	(14,215,355,173)
Foreign currency translation adjustments of foreign operations		79,865,826	(414,315)
Equity adjustments in equity method		(2,368,927,832)	(5,653,847,429)
Other comprehensive income (loss) for the period, net of tax	4,20,24	(36,667,922,446)	3,123,411,687
Total comprehensive income (loss) for the period, net of tax	4	₩ 756,325,657,236	₩ (122,480,361,292)
Profit (loss) for the period attributable to:			
Equity holders of the parent		798,213,071,768	(125,089,094,787)
Non-controlling interests		(5,219,492,086)	(514,678,192)
		₩ 792,993,579,682	₩ (125,603,772,979)
Total comprehensive income (loss) for the period attributable to:			
Equity holders of the parent		761,545,149,322	(121,965,683,100)
Non-controlling interests		(5,219,492,086)	(514,678,192)
		₩ 756,325,657,236	₩ (122,480,361,292)

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

Korea Land & Housing Corporation and its subsidiaries
Interim consolidated statements of changes in equity
for each of the six-month periods ended June 30, 2024 and 2023 (unaudited)

(In Korean won)

	Issued capital	Retained earnings	Other components of equity	Total	Non-controlling interests	Total equity
Balance as of January 1, 2024	₩46,424,321,064,065	₩23,562,374,665,131	₩12,778,356,054	₩69,999,474,085,250	₩10,095,040,838	₩70,009,569,126,088
Profit for the period	-	798,213,071,768	-	798,213,071,768	(5,219,492,086)	792,993,579,682
Remeasurement of the net defined benefit liability	-	5,693,789,630	-	5,693,789,630	-	5,693,789,630
Gains (losses) on valuation of financial assets (equity instruments) measured at fair value through other comprehensive income	-	-	544,500	544,500	-	544,500
Net loss on cash flow hedge accounting	-	-	(40,073,194,570)	(40,073,194,570)	-	(40,073,194,570)
Foreign currency translation of foreign operations	-	-	79,865,826	79,865,826	-	79,865,826
Share of other comprehensive income of associates under equity method	-	-	(2,368,927,832)	(2,368,927,832)	-	(2,368,927,832)
Total comprehensive income	-	803,906,861,398	(42,361,712,076)	761,545,149,322	(5,219,492,086)	756,325,657,236
Paid-in capital increase	2,252,266,215,680	-	-	2,252,266,215,680	-	2,252,266,215,680
Discounts on stock issuance	13,546,816,600	(13,546,816,600)	-	-	-	-
Dividends paid	-	(107,355,079,850)	-	(107,355,079,850)	-	(107,355,079,850)
Balance as of June 30, 2024 (unaudited)	₩46,890,134,096,345	₩24,245,379,630,079	₩(29,583,356,022)	₩72,905,930,370,402	₩4,875,548,752	₩72,910,805,919,154

(Continued)

Korea Land & Housing Corporation and its subsidiaries
Interim consolidated statements of changes in equity (continued)
for each of the six-month periods ended June 30, 2024 and 2023 (unaudited)
(In Korean won)

	Issued capital	Retained earnings	Other components of equity	Total	Non-controlling interests	Total equity
Balance as of January 1, 2023	₩43,605,934,008,965	₩23,366,955,963,625	₩50,378,245,346	₩67,023,268,217,936	₩8,373,605,935	₩67,031,641,823,871
Loss for the period	-	(125,089,094,787)	-	(125,089,094,787)	(514,678,192)	(125,603,772,979)
Remeasurement of the net defined benefit liability	-	22,990,999,054	-	22,990,999,054	-	22,990,999,054
Gains (losses) on valuation of financial assets (equity instruments) measured at fair value through other comprehensive income	-	-	2,029,550	2,029,550	-	2,029,550
Net loss on cash flow hedge accounting	-	-	(14,215,355,173)	(14,215,355,173)	-	(14,215,355,173)
Foreign currency translation of foreign operations	-	-	(414,315)	(414,315)	-	(414,315)
Share of other comprehensive income of associates under equity method	-	-	(5,653,847,429)	(5,653,847,429)	-	(5,653,847,429)
Total comprehensive income	-	(102,098,095,733)	(19,867,587,367)	(121,965,683,100)	(514,678,192)	(122,480,361,292)
Paid-in capital increase	2,195,523,129,080	-	-	2,195,523,129,080	-	2,195,523,129,080
Discounts on stock issuance	19,680,399,700	(19,680,399,700)	-	-	-	-
Dividends paid	-	(294,141,077,400)	-	(294,141,077,400)	-	(294,141,077,400)
Balance as of June 30, 2023 (unaudited)	₩45,821,137,537,745	₩22,951,036,390,792	₩30,510,657,979	₩68,802,684,586,516	₩7,858,927,743	₩68,810,543,514,259

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

Korea Land & Housing Corporation and its subsidiaries
Interim consolidated statements of cash flows
for each of the six-month periods ended June 30, 2024 and 2023 (unaudited)

(In Korean won)

	Six months ended June 30,	
	2024	2023
Cash flows from operating activities		
Profit (loss) for the period	₩ 792,993,579,682	₩ (125,603,772,979)
Non-cash adjustments to reconcile profit for the period to net cash flows;		
Income tax expense	210,469,109,162	29,434,516,849
Finance costs	6,493,027,865	(72,413,240,843)
Depreciation and amortization	795,015,626,010	745,129,921,773
Adjustment in provisions	(25,357,382,529)	34,182,443,619
Gain on foreign currency translation	(172,604,655)	(42,986,272)
Share of profit of associates under equity method	(13,425,726,300)	(2,344,432,248)
Gain on disposal of non-current assets	(7,167,745,020)	(276,226,958)
Others	(77,349,422,011)	84,349,946,879
Total adjustments	888,504,882,522	818,019,942,799
Changes in operating assets and liabilities;		
Inventories	281,363,935,616	(5,294,994,251,825)
Trade receivables	(95,289,740,624)	421,758,059,881
Other receivables	(15,819,825,996)	426,025,260,880
Trade payables	(23,179,349,046)	(601,009,471,436)
Subsidies from the government	69,850,343,851	84,724,430,199
Other payables	(985,645,009,074)	1,749,444,354,334
Cash generated from operations	912,778,816,931	(2,521,635,448,147)
Dividends received	5,396,414	233,630,404
Interest paid	(91,330,149,763)	(79,989,703,965)
Interest received	138,641,501,758	110,001,480,266
Income tax refund (payment)	374,655,098,946	(510,358,375,622)
Net cash flows provided by (used in) operating activities	1,334,750,664,286	(3,001,748,417,064)
Cash flows from investing activities:		
Disposal of investments in associates	1,395,733,600	-
Decrease (Increase) in current financial assets	(150,964,583,043)	1,336,750,455,181
Increase in assets classified as held-for-sale	(43,670,000)	-
Acquisition of non-current financial assets	(2,097,542,286,054)	(149,647,061,768)
Disposal of non-current financial assets	770,342,174,054	316,983,310,319
Acquisition of property, plant and equipment	(16,675,525,132)	(4,703,820,043)
Disposal of property, plant and equipment	1,668,900,616	676,013,342
Acquisition of intangible assets	(4,115,943,122)	(2,270,337,468)
Acquisition of investment properties	(2,949,230,441,045)	(3,928,980,696,913)
Disposal of investment properties	290,731,227,668	8,294,220,200
Net cash flows used in investing activities	₩ (4,154,434,412,458)	₩ (2,422,897,917,150)

(Continued)

Korea Land & Housing Corporation and its subsidiaries
Interim consolidated statements of cash flows (continued)
for each of the six-month periods ended June 30, 2024 and 2023 (unaudited)
(In Korean won)

	Six months ended June 30,	
	2024	2023
Cash flows from financing activities		
Redemption of bonds payable	₩ (1,467,177,658,946)	₩ (1,539,379,033,222)
Issuance of bonds payable	2,852,628,942,097	3,630,487,000,000
Redemption of borrowings	(8,824,750,438,384)	(381,891,501,143)
Increase in borrowings	7,584,465,853,000	1,965,515,586,662
Received subsidies from the government	(20,986,570,003)	-
Increase in share capital	2,252,266,215,680	2,195,523,129,080
Dividends paid	(107,355,079,850)	(294,141,077,400)
Payment of lease liabilities	(19,800,184,553)	(12,998,222,290)
Net cash flows provided by financing activities	2,249,291,079,041	5,563,115,881,687
Net effect of foreign exchange differences	172,604,655	42,986,272
Net increase (decrease) in cash and cash equivalents	(570,220,064,477)	138,512,533,745
Cash and cash equivalents at the beginning of the period	3,221,225,817,386	3,544,882,586,365
Cash and cash equivalents at the end of the period	2,651,005,752,909	3,683,395,120,110
Government subsidies	(275,606,402,510)	(250,072,323,335)
Entrusted business funds	(606,410,598,697)	(619,781,792,124)
Net cash and cash equivalents at the end of the period		
as deducted by government subsidies and etc.	₩ 1,768,988,751,702	₩ 2,813,541,004,651

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

KOREA LAND & HOUSING CORPORATION AND ITS SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023 (UNAUDITED)

1. CORPORATE INFORMATION:

(1) The Parent Company

Korea Land & Housing Corporation (the “Company” or “Parent Company”) and its subsidiaries (collectively referred to as the “Group”) were established in accordance with the *Korea Land and Housing Corporation Act* on October 1, 2009, to facilitate the efficient use of public land and contribute to the growth of the national economy through various development, renovation and management projects in the residential housing industry. As of June 30, 2024, the Company’s headquarter is located at 19, Chungui-ro, Jinju-si, Gyeongsangnam-do, Korea.

Furthermore, the Company, as governed by the *Korea Land and Housing Corporation Act*, participates in social welfare projects for the acquisition, development, storage and supply of land and construction; management of housing properties; and urban planning and provision for low-income housing.

As of June 30, 2024, the shareholders of the Company and their respective shareholdings are as follows (in millions of Korean won):

	<u>Issued capital</u>	<u>Ownership</u>
Korean Government - Ministry of Economy and Finance	₩9,274,735	19.0%
Korean Government - Ministry of Land, Infrastructure and Transport	31,839,630	65.4%
Korea Development Bank	5,095,195	10.5%
Export-Import Bank of Korea	<u>2,491,437</u>	<u>5.1%</u>
Total	<u>₩48,700,997</u>	<u>100.0%</u>

1. CORPORATE INFORMATION (cont'd):

(2) Consolidated subsidiaries

Consolidated subsidiaries as of June 30, 2024 are as follows:

	Business	Capital (mil KRW)	Percentage of ownership	Location
<Subsidiaries>				
Korea Housing Management Co., Ltd.	Facility maintenance and leasing	₩15,000	100.0%	Jinju
Hannuri Co., Ltd.	Lodging, Energy Sales	12,000	62.5%	Chunchon
Gwacheon Development Co., Ltd.	U-Jung Hospital improvement	10,000	51.0%	Jinju
LH Facilities Management Co., Ltd.	LH Building maintenance	990	100.0%	Jinju
LH Housing Welfare Information Co., Ltd.	Call center operation, maintenance	700	100.0%	Seongnam
LH PRIMORYE, LLC	Industrial complex creation	1,309	100.0%	Russia

Korea Housing Management Co., Ltd. was established to manage, operate, repair and maintain apartment buildings and to be entrusted with the lease of apartment buildings.

Hannuri Co., Ltd., a subsidiary of the Company, wholly owns equity ownership in Hannuri Energy and Hannuri Hotel, which were established in July and August 2008, respectively, to operate gas service stations and hotels in the 1st business district of Gaesung Industrial Complex, Gaesung city, North Hwanghae Province.

The business success of Hannuri Co., Ltd. will be largely influenced by domestic and foreign political situations, directly or indirectly. Therefore, the financial statements of the subsidiaries were prepared on the basis of management's estimation of sociopolitical factors. However, the actual outcome may differ from management's estimation and such difference would be material.

Gwacheon Development Co., Ltd. was established in May 2018 for Gwacheon U-Jung Hospital improvement project which has been stopped for a long period of time.

LH Facilities Management Co., Ltd. was established in October 2018 for the purposes of consignment works of facility management, cleaning, security•concierge, cooking etc., to convert non-full-time workers into full-time workers in accordance with 『Guidelines for the conversion of non-regular employees to full-time workers for public institutions ('17.7.20)』 issued by Korean government.

LH Housing Welfare Information Co., Ltd. is a subsidiary company that is operated as a consignment to manage counseling workforces. It is a company that implements overall counseling services, such as rent leasing consultation etc., for My Home Call Center and Defect Counseling Call Center within the Company.

LH PRIMORYE, LLC is a company established in 2021 to take charge of the complex creation, attraction of resident companies, and operation management of the 'Primorsky Krai Economic Cooperation Industrial Complex', which is being promoted to support the advancement of Korean SMEs into Russia.

Bichae-nuri Co., Ltd. and Bichae-nuri Development Co., Ltd. went bankrupt during the six-month period ended June 30, 2024.

1. CORPORATE INFORMATION (cont'd):

Summarized financial information of consolidated subsidiaries as of June 30, 2024 and as of December 31, 2023 and for each of the six-month periods ended June 30, 2024 and 2023 is as follows (in millions of Korean won):

	As of and for the six-month period ended June 30, 2024			
	Assets	Liabilities	Revenue	Profit or loss
Korea Housing Management Co., Ltd.	₩154,602	₩133,567	₩142,738	₩2,495
Hannuri Co., Ltd.	17,401	9,048	-	151
Gwacheon Development Co., Ltd.	3,576	18	3,964	(10,768)
LH Facilities Management Co., Ltd.	23,332	17,462	28,482	2,441
LH Housing Welfare Information Co., Ltd.	14,796	4,829	16,371	2,215
LH PRIMORYE, LLC	733	12	-	(87)

	As of December 31, 2023 and for the six-month period ended June 30, 2023			
	Assets	Liabilities	Revenue	Profit or loss
Korea Housing Management Co., Ltd.	₩121,975	₩102,939	₩137,937	₩545
Hannuri Co., Ltd.	17,239	9,038	-	84
Gwacheon Development Co., Ltd.	44,722	30,396	29,344	1,312
LH Facilities Management Co., Ltd.	13,739	10,177	27,224	1,378
LH Housing Welfare Information Co., Ltd.	15,055	5,927	16,125	4,237
Bichae-nuri Co., Ltd.	757	604	-	-
Bichae-nuri Development Co., Ltd.	28	1,185	-	(20)
LH PRIMORYE, LLC	736	8	-	(100)

(3) Reporting periods of the consolidated financial statements

The financial statements of all subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting periods with the Company's reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of preparation

The interim consolidated financial statements are interim financial statements that are prepared in accordance with Accounting Standards for Public Enterprises and Quasi-governmental Institutions in the Republic of Korea ("Government Accounting Standards"). Pursuant to Article 2-5 of Government Accounting Standards, the Group applies International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") where specific accounting treatments are not prescribed by the Government Accounting Standards. The accounting standards applied by the Company for matters that are specified differently under the Government Accounting Standards compared to KIFRS are as follows.

1) Government Accounting Standards Article 44 – *Government Grants*

When an asset is acquired by using government grants, the Group marks the amount of grants as a deduction from the asset acquired or deferred income and the amount is offset over the useful life of the asset or recognized in profit or loss. Any government grants provided in accordance with government agency project and special laws related there to (or those provided as a compensation for differences arising from price controls imposed by the government) are recognized as operating profit.

2) Government Accounting Standards Article 44-2 – *Government Grants Unused and Fees for Entrusted Business*

When government grants related to essential business of the Company is unused in the current period and shall be carried forward to the subsequent period, such grants are deducted from cash and cash equivalents held by the Group in accordance with Article 44-2 of Government Accounting Standards.

3) Government Accounting Standards Article 48 – *Recognition of Fees for Entrusted Business*

Any fees received from the government or municipality as expenses for business entrusted to the Company shall be recognized as revenue or assets and liabilities to the extent of expenses incurred at the time of execution, and shall not be offset.

4) Government Accounting Standards Article 49 – *Contribution to Intra-company Welfare Fund*

In accordance with *Intra-company Labor Welfare Fund Act* of the Republic of Korea, the Group contributed to intra-company labor welfare fund, and the contribution is recognized as operating expenses.

5) Government Accounting Standards Article 50 – *Reserve Fund for Essential Business*

The amount of accumulated reserve fund for essential business and reversal thereof is recognized as disposition of retained earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(cont'd):

6) Government Accounting Standards Article 12 – Division accounting (Article 12)

In accordance with *Korea Land and Housing Corporation Act* and *Public Land Reserve Act*, the Group shall treat each accounting unit separately by source of fund or business, and prepares integrated closing statement after eliminating intra-group transactions and unrealized gains or losses between such units. Details of business performance and financial position of each accounting unit are disclosed in note to the financial statements.

The significant accounting policies used for the preparation of the interim consolidated financial statements are consistent with those applied to the annual consolidated financial statements for the year ended December 31, 2023, except for effect of the new accounting standards and interpretations adopted as described below.

(A) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their reporting period commencing January 1, 2024.

1) Amendments to KIFRS 1001 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. In addition, the amendments clarify the criteria for current or non-current about the terms of payment using shares of the company. These amendments do not have a material impact on the Group's interim consolidated financial statements.

2) Amendments to KIFRS 1001 *Presentation of Financial Statements – Disclosure of Virtual Assets*

These amendments mandate entities to disclose material information for the financial statement users such as the impact of holding and issuing virtual assets on their accounting policies and financial statements. The entities should separately disclose information related to holding virtual assets, holding them on behalf of the customers, and issuing them. These amendments do not have a material impact on the Group's interim consolidated financial statements.

3) Amendments to KIFRS 1116 *Leases –Lease Liability in a Sale Lease and Leaseback*

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. These amendments do not have a material impact on the Group's interim consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(cont'd):

4) Amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosure – Supplier Finance Arrangements*

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The transition rules clarify that an entity is not required to provide the disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's interim consolidated financial statements.

(B) New and amended standards not yet adopted by the Group

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below.

1) Amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments require disclosure of information that enables users of financial statements to understand the risk and impact of a currency not being exchangeable. The amendments apply to annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted, in which case, an entity is required to disclose that fact. The amendments are not expected to have a material impact on the Group's interim consolidated financial statements.

(2) Material Accounting Policy Information

The material accounting policy information and calculation methods applied in the preparation of these interim consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2023, except for the impact of changes due to adopting new and amended standards described in Note 2.(1).(A).

3. SEGMENT INFORMATION:

(1) Details of the Group's reportable segments are as follows:

The strategic steering executive is the Group's chief operating decision maker. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessments. Segment performance is evaluated based on operating profit or loss. The Group has one reportable operating segment.

(2) Details of revenue and operating profit of reportable segments for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	<u>Total segment revenue</u>	<u>Revenue from external customers</u>	<u>Total segment operating profit(loss)</u>	<u>Depreciation and amortization (*1)</u>
<u>Six months ended</u> <u>June 30, 2024</u>	₩9,569,514	₩9,569,514	₩556,594	₩795,016
<u>Six months ended</u> <u>June 30, 2023</u>	5,322,575	5,322,575	(316,220)	745,130

(*1) Depreciation and amortization includes the amounts of depreciation of right-of-use classified as other selling and administrative expenses.

(3) Details of assets and liabilities held by the reportable segments as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	<u>Assets (*1)</u>	<u>Investments in associates</u>	<u>Acquisition of non- current assets (*2)</u>	<u>Liabilities (*1)</u>
<u>June 30, 2024</u>	₩225,261,896	₩300,570	₩122,379,542	₩152,351,090
<u>December 31, 2023</u>	222,856,889	291,320	120,763,633	152,847,320

(*1) The amounts of assets and liabilities reported to the strategic steering executive are measured in a consistent manner with those in the consolidated statement of financial position.

(*2) Acquisition of non-current assets excludes amounts of financial instruments, trade and other receivables, equity investments and deferred tax assets.

4. SEGMENT ACCOUNTING:

(1) Details of financial performance by business segment for each of the six-month periods ended June 30, 2024 and 2023 are as follows:

1) Details of financial performance by business segment subject to segregated accounting (i.e., loss compensation businesses and other businesses) for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024							
	Loss compensation businesses					Other businesses		Total
	Public housing	Industrial development complex	Public housing management business (*1)	Multifunctional administrative city	Urban development	Land bank	Others	
Sales	₩6,033,207	₩210,854	₩832,186	₩65,074	₩14,063	₩252,233	₩2,161,897	₩9,569,514
Cost of sales	<u>4,361,369</u>	<u>195,398</u>	<u>2,015,515</u>	<u>57,986</u>	<u>(14,457)</u>	<u>240,340</u>	<u>1,720,056</u>	<u>8,576,206</u>
Gross profit (loss)	1,671,838	15,456	(1,183,329)	7,088	28,520	11,894	441,841	993,307
Selling and administrative expenses	<u>183,696</u>	<u>13,586</u>	<u>133,342</u>	<u>9,635</u>	<u>-</u>	<u>8,218</u>	<u>88,236</u>	<u>436,713</u>
Operating profit (loss)	1,488,142	1,870	(1,316,671)	(2,548)	28,520	3,675	353,605	556,594
Other income	112,879	5,777	4,241	10,037	491	-	989,011	1,122,436
Other expenses	13,128	1,065	-	5,489	90	142	300,637	320,551
Other losses	(3,638)	(235)	6,086	(289)	-	-	(2,510)	(585)
Finance income	31,904	268	2	664	98	1,601	177,049	211,586
Finance costs	186	18,490	400,406	26,563	(8,983)	14,238	129,986	580,886
Share of profit of associates	-	-	-	-	-	-	14,870	14,870
Profit (loss) before income tax expense (benefit)	1,615,972	(11,875)	(1,706,747)	(24,186)	38,001	(9,103)	1,101,402	1,003,463
Income tax expense (benefit)	<u>335,799</u>	<u>(2,468)</u>	<u>(354,662)</u>	<u>(5,026)</u>	<u>7,897</u>	<u>(1,892)</u>	<u>230,821</u>	<u>210,469</u>
Profit (loss) for the period	1,280,173	(9,408)	(1,352,085)	(19,161)	30,104	(7,212)	870,581	792,994
Other comprehensive income (loss) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,668)</u>	<u>(36,668)</u>
Total comprehensive income (loss)	<u>₩1,280,173</u>	<u>₩(9,408)</u>	<u>₩(1,352,085)</u>	<u>₩(19,161)</u>	<u>₩30,104</u>	<u>₩(7,212)</u>	<u>₩833,913</u>	<u>₩756,326</u>

(*1) The title changed from *Rental housing business* to *Public housing management business* pursuant to Article 28-2 of the amendments of *Enforcement Decree of Korea Land and Housing Corporation Act* revised in June 2016.

4. SEGMENT ACCOUNTING(cont'd):

Six months ended June 30, 2023								
	Loss compensation businesses					Other businesses		Total
	Public housing	Industrial development complex	Public housing management business (*1)	Multifunctional administrative city	Urban development	Land bank	Others	
Sales	₩2,088,447	₩187,015	₩783,796	₩85,052	₩14,577	₩106,453	₩2,057,235	₩5,322,575
Cost of sales	<u>1,706,967</u>	<u>165,787</u>	<u>1,649,170</u>	<u>111,197</u>	<u>(1,506)</u>	<u>102,170</u>	<u>1,512,427</u>	<u>5,246,211</u>
Gross profit (loss)	381,480	21,228	(865,374)	(26,144)	16,083	4,282	544,808	76,363
Selling and administrative expenses	<u>166,890</u>	<u>4,181</u>	<u>155,516</u>	<u>5,458</u>	<u>-</u>	<u>2,677</u>	<u>57,862</u>	<u>392,584</u>
Operating profit (loss)	214,590	17,047	(1,020,890)	(31,602)	16,083	1,606	486,946	(316,220)
Other income	49,321	4,115	4,034	2,122	159	-	680,955	740,706
Other expenses	16,259	1,061	-	1,053	299	18	249,253	267,943
Other losses	(3,558)	(928)	4,623	-	-	-	(1,379)	(1,242)
Finance income	61,429	526	4	440	103	624	180,585	243,712
Finance costs	32,570	22,606	326,370	29,194	(8,443)	10,918	84,311	497,526
Share of profit from associates	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,344</u>	<u>2,344</u>
Profit (loss) before income tax expense (benefit)	272,953	(2,906)	(1,338,599)	(59,287)	24,489	(8,706)	1,015,887	(96,169)
Income tax expense (benefit)	<u>76,727</u>	<u>(817)</u>	<u>(376,280)</u>	<u>(16,665)</u>	<u>6,884</u>	<u>(2,447)</u>	<u>342,034</u>	<u>29,435</u>
Profit (loss) for the period	196,226	(2,089)	(962,319)	(42,621)	17,605	(6,259)	673,854	(125,604)
Other comprehensive income (loss) for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,123</u>	<u>3,123</u>
Total comprehensive income (loss)	<u>₩196,226</u>	<u>₩(2,089)</u>	<u>₩(962,319)</u>	<u>₩(42,621)</u>	<u>₩17,605</u>	<u>₩(6,259)</u>	<u>₩676,977</u>	<u>₩(122,480)</u>

(*1) The title changed from *Rental housing business* to *Public housing management business* pursuant to Article 28-2 of the amendments of *Enforcement Decree of Korea Land and Housing Corporation Act* revised in June 2016.

4. SEGMENT ACCOUNTING(cont'd):

- 2) Details of financial performance by business segment subject to segregated accounting (i.e., public rental housing business and others) for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024		
	Public rental housing business	Others	Total
Sales	₩1,217,644	₩8,351,870	₩9,569,514
Cost of sales	2,272,046	6,304,160	8,576,206
Gross profit (loss)	(1,054,403)	2,047,710	993,307
Selling and administrative expenses	189,918	246,795	436,713
Operating profit (loss)	(1,244,321)	1,800,915	556,594
Other income	6,349	1,116,087	1,122,436
Other expenses	-	320,551	320,551
Other losses	6,086	(6,672)	(585)
Finance income	41,564	170,022	211,586
Finance costs	416,514	164,372	580,886
Share of profit from associates	-	14,870	14,870
Profit (loss) before income tax expense (benefit)	(1,606,835)	2,610,298	1,003,463
Income tax expense (benefit)	(333,900)	544,369	210,469
Profit (loss) for the period	(1,272,935)	2,065,928	792,994
Other comprehensive income (loss) for the period	-	(36,668)	(36,668)
Total comprehensive income (loss)	₩(1,272,935)	₩2,029,261	₩756,326

	Six months ended June 30, 2023		
	Public rental housing business	Others	Total
Sales	₩983,429	₩4,339,146	₩5,322,575
Cost of sales	1,790,060	3,456,151	5,246,211
Gross profit (loss)	(806,632)	882,995	76,363
Selling and administrative expenses	202,030	190,554	392,584
Operating profit (loss)	(1,008,661)	692,441	(316,220)
Other income	5,070	735,636	740,706
Other expenses	29	267,914	267,943
Other losses	4,623	(5,865)	(1,242)
Finance income	41,875	201,837	243,712
Finance costs	370,641	126,885	497,526
Share of profit from associates	-	2,344	2,344
Profit (loss) before income tax expense (benefit)	(1,327,763)	1,231,594	(96,169)
Income tax expense (benefit)	(373,234)	402,669	29,435
Profit (loss) for the period	(954,529)	828,925	(125,604)
Other comprehensive income (loss) for the period	-	3,123	3,123
Total comprehensive income (loss)	₩(954,529)	₩832,049	₩(122,480)

4. SEGMENT ACCOUNTING(cont'd):

(2) Details of assets and liabilities by accounting unit as of June 30, 2024 and December 31, 2023 are as follows:

- 1) Details of assets and liabilities held by each business segment subject to segregated accounting (i.e., loss compensation businesses and other businesses) as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024							
	Loss compensation businesses					Other businesses		Total
	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	
<u>Current assets</u>	₩42,520,746	₩5,489,004	₩196,028	₩3,302,759	₩334,675	₩597,546	₩44,649,554	₩97,090,311
Cash and cash equivalents	-	-	-	-	-	-	1,768,989	1,768,989
Current financial assets	-	-	-	-	-	-	5,508,018	5,508,018
Trade and other receivables	461,669	19,189	185,475	56,942	4,232	32,761	719,641	1,479,908
Inventories	41,390,255	5,443,681	44	3,238,705	328,640	564,785	32,433,710	83,399,819
Current non-financial assets	668,823	26,133	10,509	7,113	1,803	-	4,067,127	4,781,507
Assets classified as held-for-sale	-	-	-	-	-	-	152,069	152,069
<u>Non-current assets</u>	12,073,631	1,121,598	109,658,456	4,295	1,415	292,671	5,019,520	128,171,585
Non-current financial assets	297,207	-	11,231	-	-	-	1,153,314	1,461,752
Trade and other receivables	2,879,827	4,214	35,719	-	1,415	292,671	456,464	3,670,311
Property, plant and equipment	16,430	-	-	-	-	-	1,248,586	1,265,017
Investment properties	8,880,166	1,117,384	109,611,506	4,295	-	-	1,436,258	121,049,609
Intangible assets excluding goodwill	-	-	-	-	-	-	59,013	59,013
Investments in associates	-	-	-	-	-	-	300,570	300,570
Deferred tax assets	-	-	-	-	-	-	359,411	359,411
Non-current non-financial assets	-	-	-	-	-	-	5,904	5,904
<u>Total assets</u>	<u>₩54,594,377</u>	<u>₩6,610,601</u>	<u>₩109,854,483</u>	<u>₩3,307,054</u>	<u>₩336,090</u>	<u>₩890,217</u>	<u>₩49,669,074</u>	<u>₩22,5261,896</u>
<u>Current liabilities</u>	₩15,438,074	₩1,352,060	₩15,642,845	₩545,545	₩289,140	₩5,942	₩26,762,378	₩60,035,984
Trade and other payables	4,042,678	32,742	13,828,001	2,692	30	1,401	982,812	18,890,356
Current financial liabilities	415,050	1,937	40,383	5,364	-	-	7,407,677	7,870,411
Current income tax liabilities	-	-	-	-	-	-	280,811	280,811
Current non-financial liabilities	7,242,656	722,662	206,688	534,347	35,773	1,009	9,243,594	17,986,729
Current portion of provisions	3,737,690	594,720	1,567,772	3,142	253,336	3,532	8,847,483	15,007,676
<u>Non-current liabilities</u>	19,529,168	3,785,911	76,450,262	2,594,420	(601,599)	889,420	(10,332,475)	92,315,106
Trade and other payables	19,793	15,292	9,971,734	673	-	-	654,586	10,662,079
Non-current financial liabilities	19,464,650	3,768,276	66,445,917	2,592,129	(601,651)	882,358	(11,770,086)	80,781,594
Non-current non-financial liabilities	15,096	-	31,157	-	-	-	65,545	111,797
Defined benefit liabilities	-	-	-	-	-	7,062	447,150	454,212
Non-current provisions	29,629	2,343	1,454	1,618	52	-	270,329	305,425
<u>Total liabilities</u>	<u>₩34,967,242</u>	<u>₩5,137,972</u>	<u>₩92,093,107</u>	<u>₩3,139,965</u>	<u>₩(312,459)</u>	<u>₩895,362</u>	<u>₩16,429,902</u>	<u>₩152,351,090</u>
Equity attributable to the shareholders of the parent	₩19,627,135	₩1,472,630	₩17,761,377	₩167,089	₩648,549	₩(5,144)	₩33,234,296	₩72,905,930
Issued capital	5,138,720	996,908	25,627,255	(41,728)	(15,508)	-	16,984,486	48,690,134
Retained earnings	14,488,414	475,722	(7,865,879)	208,817	664,056	(5,144)	16,279,393	24,245,380
Other components of equity	-	-	-	-	-	-	(29,583)	(29,583)
Non-controlling interests	-	-	-	-	-	-	4,876	4,876
<u>Total equity</u>	<u>₩19,627,135</u>	<u>₩1,472,630</u>	<u>₩17,761,377</u>	<u>₩167,089</u>	<u>₩648,549</u>	<u>₩(5,144)</u>	<u>₩33,239,172</u>	<u>₩72,910,806</u>

4. SEGMENT ACCOUNTING(cont'd):

December 31, 2023								
	Loss compensation businesses					Other businesses		Total
	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	
<u>Current assets</u>	₩42,840,105	₩5,352,124	₩153,868	₩3,115,701	₩388,271	₩763,637	₩43,662,286	₩96,275,992
Cash and cash equivalents	-	-	4	-	-	-	2,409,055	2,409,059
Current financial assets	6	-	-	-	-	-	3,998,350	3,998,356
Trade and other receivables	746,580	16,572	142,715	56,104	3,063	27,447	789,690	1,782,171
Inventories	41,426,800	5,325,600	44	3,050,335	382,750	736,077	32,366,520	83,288,126
Current non-financial assets	666,719	9,952	11,105	9,262	2,458	113	3,946,646	4,646,255
Assets classified as held-for-sale	-	-	-	-	-	-	152,025	152,025
<u>Non-current assets</u>	12,702,440	1,105,024	107,388,339	3,928	2,505	136,263	5,242,398	126,580,897
Non-current financial assets	230,175	-	722	-	-	-	1,101,026	1,331,923
Trade and other receivables	2,876,999	8,291	32,958	-	2,505	136,263	440,529	3,497,545
Property, plant and equipment	5,537	-	-	-	-	-	1,255,315	1,260,852
Investment properties	9,589,729	1,096,733	107,354,659	3,928	-	-	1,389,431	119,434,480
Intangible assets excluding goodwill	-	-	-	-	-	-	62,442	62,442
Investments in associates	-	-	-	-	-	-	291,321	291,321
Defined benefit assets	-	-	-	-	-	-	1,960	1,960
Deferred tax assets	-	-	-	-	-	-	694,515	694,515
Non-current non-financial assets	-	-	-	-	-	-	5,859	5,859
Total assets	₩55,542,545	₩6,457,148	₩107,542,207	₩3,119,629	₩390,776	₩899,900	₩48,904,684	₩222,856,889
<u>Current liabilities</u>	16,191,045	1,319,335	16,348,785	553,597	312,123	9,092	25,978,271	60,712,248
Trade and other payables	3,799,871	38,718	14,613,937	3,215	30	4,604	795,162	19,255,537
Current financial liabilities	373,528	6,871	52,259	-	-	-	6,232,719	6,665,377
Current income tax liabilities	-	-	-	-	-	-	30,792	30,792
Current non-financial liabilities	8,368,532	689,359	178,807	544,575	36,780	924	9,599,770	19,418,747
Current portion of provisions	3,649,114	584,387	1,503,782	5,807	275,313	3,564	9,319,828	15,341,795
<u>Non-current liabilities</u>	20,750,427	3,650,711	73,199,829	2,420,691	(548,767)	891,179	(8,228,998)	92,135,072
Trade and other payables	18,404	11,770	8,852,647	801	-	-	617,057	9,500,679
Non-current financial liabilities	20,678,416	3,638,120	64,312,283	2,418,228	(548,826)	888,300	(9,670,088)	81,716,433
Non-current non-financial liabilities	16,042	-	32,964	-	-	-	66,743	115,749
Defined benefit liabilities	-	-	-	-	-	2,879	455,131	458,010
Non-current provisions	37,565	821	1,935	1,662	59	-	302,159	344,201
Total liabilities	₩36,941,472	₩4,970,046	₩89,548,614	₩2,974,288	₩(236,644)	₩900,271	₩17,749,273	₩152,847,320
Equity attributable to the shareholders of the parent	18,601,073	1,487,102	17,993,593	145,341	627,420	(371)	31,145,316	69,999,474
Issued capital	5,268,362	996,908	24,855,603	(41,729)	(15,507)	-	15,360,684	46,424,321
Retained earnings	13,332,711	490,194	(6,862,010)	187,070	642,927	(371)	15,771,854	23,562,375
Other components of equity	-	-	-	-	-	-	12,778	12,778
Non-controlling interests	-	-	-	-	-	-	10,095	10,095
Total equity	₩18,601,073	₩1,487,102	₩17,993,593	₩145,341	₩627,420	₩(371)	₩31,155,411	₩70,009,569

4. SEGMENT ACCOUNTING(cont'd):

- 2) Details of assets and liabilities held by each business segment subject to segregated accounting (i.e., public rental housing and others) as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024		
	Public rental housing business	Others	Total
<u>Current assets</u>	₩888,777	₩96,201,534	₩97,090,311
Cash and cash equivalents	-	1,768,989	1,768,989
Current financial assets	-	5,508,018	5,508,018
Trade and other receivables	260,701	1,219,207	1,479,908
Inventories	598,863	82,800,957	83,399,819
Current non-financial assets	29,213	4,752,294	4,781,507
Assets classified as held-for-sale	-	152,069	152,069
<u>Non-current assets</u>	121,328,346	6,843,239	128,171,585
Non-current financial assets	181,889	1,279,863	1,461,752
Trade and other receivables	2,849,277	821,033	3,670,311
Property, plant and equipment	-	1,265,017	1,265,017
Investment properties	118,297,180	2,752,429	121,049,609
Intangible assets excluding goodwill	-	59,013	59,013
Investments in associates	-	300,570	300,570
Deferred tax assets	-	359,411	359,411
Non-current non-financial assets	-	5,904	5,904
Total assets	₩122,217,123	₩103,044,773	₩225,261,896
<u>Current liabilities</u>	₩17,738,378	₩42,297,606	₩60,035,984
Trade and other payables	15,368,045	3,522,311	18,890,356
Current financial liabilities	155,572	7,714,839	7,870,411
Current income tax liabilities	-	280,811	280,811
Current non-financial liabilities	318,666	17,668,063	17,986,729
Current portion of provisions	1,896,095	13,111,581	15,007,676
<u>Non-current liabilities</u>	79,132,975	13,182,131	92,315,106
Trade and other payables	9,970,617	691,462	10,662,079
Non-current financial liabilities	69,123,967	11,657,626	80,781,594
Non-current non-financial liabilities	36,046	75,751	111,797
Defined benefit liabilities	-	454,212	454,212
Non-current provisions	2,345	303,079	305,425
Total liabilities	₩96,871,353	₩55,479,737	₩152,351,090
Equity attributable to the shareholders of the parent	₩25,345,770	₩47,560,161	₩72,905,931
Issued capital	29,705,953	18,984,181	48,690,134
Retained earnings	(4,360,183)	28,605,563	24,245,380
Other components of equity	-	(29,583)	(29,583)
Non-controlling interests	-	4,875	4,875
Total equity	₩25,345,770	₩47,565,036	₩72,910,806

4. SEGMENT ACCOUNTING(cont'd):

	December 31, 2023		
	Public rental housing business	Others	Total
<u>Current assets</u>	₩641,247	₩95,634,745	₩96,275,992
Cash and cash equivalents	4	2,409,055	2,409,059
Current financial assets	6	3,998,350	3,998,356
Trade and other receivables	195,758	1,586,413	1,782,171
Inventories	411,987	82,876,139	83,288,126
Current non-financial assets	33,492	4,612,763	4,646,255
Assets classified as held-for-sale	-	152,025	152,025
<u>Non-current assets</u>	119,723,378	6,857,519	126,580,897
Non-current financial assets	133,528	1,198,395	1,331,923
Trade and other receivables	2,843,116	654,429	3,497,545
Property, plant and equipment	-	1,260,852	1,260,852
Investment properties	116,746,734	2,687,746	119,434,480
Intangible assets excluding goodwill	-	62,442	62,442
Investments in associates	-	291,321	291,321
Defined benefit assets	-	1,960	1,960
Deferred tax assets	-	694,515	694,515
Non-current non-financial assets	-	5,859	5,859
Total assets	₩120,364,625	₩102,492,264	₩222,856,889
<u>Current liabilities</u>	18,549,797	42,162,451	60,712,248
Trade and other payables	16,217,247	3,038,290	19,255,537
Current financial liabilities	162,026	6,503,351	6,665,377
Current income tax liabilities	-	30,792	30,792
Current non-financial liabilities	291,493	19,127,254	19,418,747
Current portion of provisions	1,879,031	13,462,764	15,341,795
<u>Non-current liabilities</u>	76,248,272	15,886,800	92,135,072
Trade and other payables	8,851,103	649,576	9,500,679
Non-current financial liabilities	67,354,823	14,361,610	81,716,433
Non-current non-financial liabilities	37,941	77,808	115,749
Defined benefit liabilities	-	458,010	458,010
Non-current provisions	4,405	339,796	344,201
Total liabilities	₩94,798,069	₩58,049,251	₩152,847,320
Equity attributable to the shareholders of the parent	25,566,556	44,432,918	69,999,474
Issued capital	28,982,129	17,442,192	46,424,321
Retained earnings	(3,415,573)	26,977,948	23,562,375
Other components of equity	-	12,778	12,778
Non-controlling interests	-	10,095	10,095
Total equity	₩25,566,556	₩44,443,013	₩70,009,569

5. CASH AND CASH EQUIVALENTS AND FINANCIAL ASSETS WITH RESTRICTION ON USE:

Details of cash and cash equivalents and financial assets restricted in use as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024	December 31, 2023	
Long-term financial instruments	₩237	₩510	Restricted withdrawal(*)

(*) Details of deposits with restriction above are about accounts restricted by banks due to lawsuits, etc.

6. TRADE AND OTHER RECEIVABLES:

(1) Details of trade and other receivables as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024			
	Gross amounts	Allowance for doubtful accounts	Present value of discounts	Carrying amounts
Current assets:				
Trade receivables	₩390,212	₩(10,205)	₩(1,502)	₩378,504
Other receivables	352,761	(80,435)	-	272,325
Accrued income	588,874	-	-	588,874
Due from customers for construction contracts	240,205	-	-	240,205
Subtotal	1,572,051	(90,640)	(1,502)	1,479,908
Non-current assets:				
Trade receivables	3,212,237	-	(14,031)	3,198,206
Deposits	507,044	-	(34,939)	472,105
Subtotal	3,719,281	-	(48,970)	3,670,310
Total	₩5,291,332	₩(90,640)	₩(50,472)	₩5,150,218

6. TRADE AND OTHER RECEIVABLES(cont'd):

December 31, 2023				
	Gross amounts	Allowance for doubtful accounts	Present value of discounts	Carrying amounts
Current assets:				
Trade receivables	₩409,608	₩(1,204)	₩(1,587)	₩406,817
Other receivables	393,241	(51,197)	-	342,044
Accrued income	541,495	-	-	541,495
Due from customers for construction contracts	491,815	-	-	491,815
Subtotal	1,836,159	(52,401)	(1,587)	1,782,171
Non-current assets:				
Trade receivables	3,046,755	-	(11,833)	3,034,921
Other receivables	494,460	-	(31,837)	462,623
Subtotal	3,541,215	-	(43,670)	3,830,886
Total	₩5,377,374	₩(52,401)	₩(45,257)	₩5,279,716

(2) Changes in the allowance for doubtful accounts for trade and other receivables for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024		Six months ended June 30, 2023	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning	₩1,204	₩51,197	₩308	₩42,160
Bad debt expense	9,002	29,471	-	111
Reversal	-	-	-	(76)
Write-off	-	(232)	(79)	42
Ending	₩10,206	₩80,435	₩229	₩42,237

7. **INVENTORIES:**

Details of inventories as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024		
	Acquisition costs	Valuation allowance	Carrying amounts
Goods	₩647,819	₩(9,582)	₩638,237
Finished goods	13,830,471	(1,374,118)	12,456,353
Work-in-progress	70,773,084	(468,490)	70,304,594
Supplies	635	-	635
Total	₩85,252,009	₩(1,852,190)	₩83,399,819

	December 31, 2023		
	Acquisition costs	Valuation allowance	Carrying amounts
Goods	₩843,461	₩(9,958)	₩833,503
Finished goods	15,029,229	(1,413,481)	13,615,748
Work-in-progress	69,435,033	(596,844)	68,838,189
Supplies	687	-	687
Total	₩85,308,409	₩(2,020,283)	₩83,288,126

The Group recognized acquisition costs of ₩6,195,473 million and ₩3,205,909 million as cost of sales for each of the six-month periods ended June 30, 2024 and 2023, respectively. Also, the Group recognized a loss on valuation of inventories amounting to ₩145,953 million and ₩299,322 million for each of the six-month periods ended June 30, 2024 and 2023, respectively, and reversal of loss on valuation of inventories amounting to ₩230,963 million and ₩186,016 million for each of the six-month periods ended June 30, 2024 and 2023, respectively.

8. NON-FINANCIAL ASSETS:

Details of non-financial assets as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Advance payments	₩632,562	₩ -	₩563,501	₩ -
Prepaid expenses	15,601	420	18,623	380
Payment on behalf of others for construction contracts (*1)	2,953,404	-	2,915,204	-
Other prepaid expenses	35,026	-	31,902	-
Others (*2)	<u>1,144,914</u>	<u>5,484</u>	<u>1,185,025</u>	<u>5,478</u>
Total	<u>₩4,781,507</u>	<u>₩5,904</u>	<u>₩4,646,255</u>	<u>₩5,858</u>

(*1) Includes construction costs paid on behalf of others, construction warranties paid on behalf of others, consignment construction costs paid on behalf of others, advance payments on behalf of others for consignment service.

(*2) Includes deposits related to collateral lodgment, compensation consignment paid on behalf of others, business consignment paid on behalf of others, SPC paid on behalf of others, etc.

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES:

(1) Details of investments in associates and joint ventures as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	Location	June 30, 2024			December 31, 2023		
		Ownership	Acquisition cost	Carrying amounts	Ownership	Acquisition cost	Carrying amounts
Korea Construction Management Corporation	Korea	38.57%	₩2,533	₩ -	38.57%	₩2,533	₩21
Chungju Enterprise City Development Co., Ltd.	Korea	23.41%	4,683	2,995	23.41%	4,683	3,979
Smart City Co., Ltd.	Korea	19.90%	9,412	446	19.90%	9,412	458
Smart City Asset Management Co., Ltd.	Korea	19.90%	60	57	19.90%	60	57
Alpha Dome City Co., Ltd.	Korea	28.34%	93,423	555	28.34%	93,423	557
Alpha Dome City Asset Management Co., Ltd.	Korea	35.50%	95	-	35.50%	95	-
Sinkyungju Development Co., Ltd.	Korea	15.00%	750	967	15.00%	750	-
Sinkyungju Development Management Co., Ltd.	Korea	15.00%	45	49	15.00%	45	47
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.84%	30,400	24,253	19.84%	30,400	9,927
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.86%	13,800	13,762	19.86%	13,800	3,156
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.89%	30,000	17,258	19.89%	30,000	17,580
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.83%	27,800	21,197	19.83%	27,800	21,356
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.93%	22,900	14,591	19.93%	22,900	15,211
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.87%	21,900	16,849	19.87%	21,900	17,514
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.93%	27,300	20,732	19.93%	27,300	21,844
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.92%	24,500	-	19.92%	24,500	830
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.86%	14,200	345	19.86%	14,200	1,536
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.90%	24,900	19,285	19.90%	24,900	20,170
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.88%	20,700	9,199	19.88%	20,700	10,940
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.91%	17,800	7,793	19.91%	17,800	9,101
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.90%	20,500	24,542	19.90%	20,500	25,833
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.90%	15,800	10,384	19.90%	15,800	11,643
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.91%	18,100	15,206	19.91%	18,100	16,436
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.92%	10,600	9,288	19.92%	10,600	10,251
National Happy Housing No.1 REIT Co., Ltd.	Korea	0.00%	3,434	1,093	20.00%	3,434	1,190
National Happy Housing No.2 REIT Co., Ltd.	Korea	0.00%	4,925	935	19.92%	4,925	1,402
Zero Energy Lease REIT No.2 Co., Ltd.	Korea	15.79%	12,300	13,788	15.79%	12,300	14,566
Cheongju Culture Factory Real Estate Investment Trust	Korea	0.00%	2,500	2,443	19.21%	2,500	2,479
Land Assistance REIT No.1 Co., Ltd.	Korea	0.00%	15,390	12,993	10.00%	15,390	13,022
Land Assistance REIT No.2 Co., Ltd.	Korea	10.00%	6,033	2,502	10.00%	6,033	2,528
Sandan Jaesaeng1ho West Daegu Jisik Sanup Center Real Estate Investment Trust	Korea	0.00%	2,400	2,398	11.88%	2,400	2,122
Sandan Jaesaeng2ho Seongnam Jisik Sanup Center Real Estate Investment Trust	Korea	17.30%	9,600	8,105	17.30%	9,600	8,332
KMIC Development Co., Ltd.	Myanmar	0.00%	7,608	7,363	40.00%	7,608	6,931
VTK Hung Yen IP Co.,LTD	Vietnam	35.00%	6,672	4,901	35.00%	6,591	5,718
Sejong Smartcity Co., Ltd.	Korea	17.33%	15,600	14,297	17.33%	15,600	14,583
Total			₩538,663	₩300,571		₩538,583	₩291,320

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES(cont'd):

(2) Changes in investments in associates and joint ventures for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024									
	Beginning	Acquisitions	Disposal	Dividends	Share of profit (loss)	Equity adjustments in equity method	Others	Ending		
Korea Construction Management Corporation	₩21	₩	-	₩ (21)	₩	-	₩	-	₩	-
Chungju Enterprise City Development Co., Ltd.	3,979	-	-	-	(47)	-	(936)	2,996		
Smart City Co., Ltd.	458	-	-	-	(12)	-	-	446		
Smart City Asset Management Co., Ltd.	57	-	-	-	-	-	-	57		
Alpha Dome City Co., Ltd.	557	-	-	-	(3)	-	-	554		
Sinkyungju Development Co., Ltd.	-	-	-	-	967	-	-	967		
Sinkyungju Development Management Co., Ltd.	47	-	-	-	2	-	-	49		
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	9,927	-	-	-	14,584	(258)	-	24,253		
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	3,156	-	-	-	10,606	-	-	13,762		
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	17,580	-	-	-	(322)	-	-	17,258		
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	21,356	-	-	-	1,255	(1,414)	-	21,197		
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	15,211	-	-	-	(621)	-	-	14,591		
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	17,514	-	-	-	(665)	-	-	16,849		
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	21,844	-	-	-	(1,112)	-	-	20,732		
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	830	-	-	-	(830)	-	-	-		
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	1,536	-	-	-	(1,191)	-	-	345		
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	20,170	-	-	-	(885)	-	-	19,285		
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	10,940	-	-	-	(1,741)	-	-	9,199		
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	9,101	-	-	-	(1,307)	-	-	7,793		
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	25,833	-	-	-	(1,291)	-	-	24,542		
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	11,643	-	-	-	(1,260)	-	-	10,384		
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	16,436	-	-	-	(1,230)	-	-	15,206		
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	10,251	-	-	-	(963)	-	-	9,288		
National Happy Housing No.1 REIT Co., Ltd.	1,190	-	-	-	(97)	-	-	1,093		
National Happy Housing No.2 REIT Co., Ltd.	1,402	-	-	-	(467)	-	-	935		
Cheongju Culture Factory Real Estate Investment Trust	2,479	-	-	-	(36)	-	-	2,443		
Land Assistance REIT No.1 Co., Ltd.	13,022	-	-	-	(28)	-	-	12,993		
Land Assistance REIT No.2 Co., Ltd.	2,528	-	-	-	(27)	-	-	2,502		
Sandan Jaesaeng1ho West Daegu Jisik Sanup Center Real Estate Investment Trust	2,122	-	-	-	276	-	-	2,398		
Sandan Jaesaeng2ho Seongnam Jisik Sanup Center Real Estate Investment Trust	8,332	-	-	-	(228)	-	-	8,105		
Zero Energy Lease REIT No.2 Co., Ltd.	14,566	-	-	-	(779)	-	-	13,788		
KMIC Development Co., Ltd.	6,931	-	-	-	1,093	(662)	-	7,363		
VTK HUNG YEN IP Co.,LTD	5,718	-	-	-	68	(885)	-	4,901		
Sejong Smartcity Co., Ltd.	14,583	-	-	-	(286)	-	-	14,297		
Total	₩219,321	₩	-	₩ (21)	₩	-	₩13,426	₩(3,219)	₩(936)	₩300,571

(*) Investments in associates and joint ventures that do not have book value due to impairment loss recognition and other reasons are excluded.

9. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES(cont'd):

	June 30, 2023						
	Beginning	Acquisitions	Disposal	Dividends	Share of profit (loss)	Equity adjustments in equity method	Ending
Korea Construction Management Corporation	₩21	₩	- ₩	- ₩	- ₩	- ₩	₩21
Chungju Enterprise City Development Co., Ltd.	4,643	-	-	-	(343)	-	4,300
Smart City Co., Ltd.	472	-	-	-	(7)	-	465
Smart City Asset Management Co., Ltd.	55	-	-	-	1	-	56
Alpha Dome City Co., Ltd.	300	-	-	-	9,190	(8,921)	569
Alpha Dome City Asset Management Co., Ltd.	32	-	-	-	(32)	-	-
Sinkyungju Development Co., Ltd.	1,303	-	-	-	9,475	-	10,778
Sinkyungju Development Management Co., Ltd.	48	-	-	-	1	-	49
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	15,224	-	-	-	(2,037)	-	13,187
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	4,435	-	-	-	(514)	-	3,921
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	18,985	-	-	-	(1,361)	-	17,624
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	23,748	-	-	-	(656)	-	23,092
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	16,800	-	-	-	(655)	-	16,145
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	19,251	-	-	-	(724)	-	18,527
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	24,449	-	-	-	(137)	-	24,312
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	5,387	-	-	-	(1,167)	-	4,220
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	4,269	-	-	-	(1,274)	-	2,995
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	23,343	-	-	-	(1,414)	-	21,929
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	14,612	-	-	-	(1,627)	-	12,985
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	12,965	-	-	-	(1,180)	-	11,785
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	28,721	-	-	-	(1,432)	-	27,289
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	13,774	-	-	-	(1,131)	-	12,643
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	19,182	-	-	-	(1,240)	-	17,942
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	12,509	-	-	-	(1,165)	-	11,344
National Happy Housing No.1 REIT Co., Ltd.	1,146	-	-	-	(100)	-	1,046
National Happy Housing No.2 REIT Co., Ltd.	1,948	-	-	-	(339)	-	1,609
Passive House Circulation Rental Housing REIT Co., Ltd.	2,628	-	-	-	3,032	-	5,660
Cheongju Culture Factory Real Estate Investment Trust	2,513	-	-	-	(115)	-	2,398
Land Assistance REIT No.1 Co., Ltd.	13,087	-	-	-	(96)	-	12,991
Land Assistance REIT No.2 Co., Ltd.	2,477	-	-	-	(11)	-	2,466
Sandan Jaesaeng1ho West Daegu Jisik Sanup Center Real Estate Investment Trust	1,898	-	-	-	(32)	-	1,866
Sandan Jaesaeng2ho Seongnam Jisik Sanup Center Real Estate Investment Trust	8,423	-	-	-	(40)	-	8,383
Zero Energy Lease REIT No.2 Co., Ltd.	15,663	-	-	-	(140)	-	15,523
KMIC Development Co., Ltd.	6,973	-	-	-	(39)	219	7,153
VTK Hung Yen IP Co., Ltd.	5,574	-	-	-	(13)	904	6,465
Sejong Smartcity Co., Ltd.	15,187	-	-	-	(334)	-	14,853
Total	342,045	-	-	-	2,344	(7,798)	336,591

(*) Investments in associates and joint ventures that do not have book value due to impairment loss recognition and other reasons are excluded.

10. PROPERTY, PLANT AND EQUIPMENT:

(1) Changes in property, plant and equipment for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024					
	Beginning	Acquisition (*1)	Disposals	Depreciation	Others	Ending
Land	₩342,844	₩ -	₩(181)	₩ -	₩ -	₩342,663
Less: government grants	(1,667)	-	-	-	-	(1,667)
Buildings	690,082	40	(396)	(9,512)	-	680,214
Less: government grants	(13,410)	-	-	151	-	(13,259)
Structures	54,400	665	-	(2,665)	-	52,399
Machinery	85,735	-	-	(6,297)	-	79,438
Vehicles	201	2	-	(115)	49	136
Furniture and fixtures	57,979	4,091	(42)	(11,439)	(1)	50,588
Tools and equipment	3,411	386	-	(686)	-	3,111
Less: government grants	(3,144)	-	-	3,071	-	(73)
Right-of-use	35,300	30,373	(55)	(14,350)	(408)	50,860
Construction in progress	9,122	11,485	-	-	-	20,607
Total	₩1,260,853	₩47,042	₩(674)	₩(41,842)	₩(360)	₩1,265,017

(*1) Acquisition includes the amounts of the capitalization of borrowing costs.

	Six months ended June 30, 2023					
	Beginning	Acquisition (*1)	Disposals	Depreciation	Others	Ending
Land	₩343,032	₩ -	₩(54)	₩ -	₩ -	₩342,978
Less: government grants	(1,667)	-	-	-	-	(1,667)
Buildings	709,910	-	(180)	(9,994)	(15)	699,721
Less: government grants	(13,727)	-	-	159	-	(13,568)
Structures	58,006	579	-	(2,608)	-	55,977
Machinery	97,941	380	-	(6,298)	-	92,023
Vehicles	571	10	(156)	(123)	-	302
Furniture and fixtures	62,730	3,125	(5)	(10,367)	-	55,483
Tools and equipment	4,460	593	-	(1,392)	-	3,661
Less: government grants	(3,297)	-	-	171	-	(3,126)
Right-of-use	31,922	16,504	(388)	(12,359)	1,085	36,764
Construction in progress	2,674	-	-	-	25	2,699
Less: government grants	-	17	-	-	-	17
Total	₩1,292,555	₩21,208	₩(783)	₩(42,811)	₩1,095	₩1,271,264

(*1) Acquisition includes the amounts of the capitalization of borrowing costs.

10. PROPERTY, PLANT AND EQUIPMENT(cont'd):

(2) Leases

- ① Amounts recognized in relation with leases in the consolidated statements of financial position as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Right-of-use assets:		
Real estate	₩34,808	₩15,550
Vehicles	<u>16,052</u>	<u>19,750</u>
Total	<u>₩50,860</u>	<u>₩35,300</u>
Lease liabilities:		
Current	₩33,587	₩6,932
Non-current	<u>32,096</u>	<u>47,396</u>
Total	<u>₩65,683</u>	<u>₩54,328</u>

Right-of-use assets increased by ₩30,373 million and ₩16,504 million for each of the six-month periods ended June 30, 2024 and 2023, respectively.

- ② Amounts recognized in relation to leases in the consolidated statements of comprehensive income for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	<u>Six months ended June 30, 2024</u>	<u>Six months ended June 30, 2023</u>
Depreciation of right-of-use assets		
Real estate	₩9,036	₩6,744
Vehicles	<u>5,313</u>	<u>5,615</u>
Total	<u>₩14,349</u>	<u>₩12,359</u>
Interest expenses of lease liabilities, included in		
Finance costs	1,356	829
Expenses related to short-term leases and leases of low value assets subject to recognition exemption rules	₩1,912	₩1,672

Total cash outflow from leases amounts to ₩21,712 million and ₩14,670 million for each of the six-month periods ended June 30, 2024 and 2023, respectively.

11. INVESTMENT PROPERTIES:

(1) Changes in the net book value of investment properties for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024					
	Beginning	Additions	Disposals	Depreciation	Others (*1)	Ending
Land	₩639,075	₩ -	₩ -	₩ -	₩(13,125)	₩625,950
Buildings	107,135,331	5,184	(284,645)	(749,138)	3,691,823	109,798,555
Less: government grants	(252,147)	14	-	3,510	(5,917)	(254,540)
Construction in progress	11,980,933	2,943,412	-	-	(3,982,479)	10,941,865
Less: government grants	(68,712)	620	-	-	5,870	(62,223)
Total	₩119,434,480	₩2,949,230	₩(284,645)	₩(745,628)	₩(303,828)	₩121,049,607

(*1) Others include amounts transferred from property, plant and equipment and inventories.

	June 30, 2023					
	Beginning	Additions	Disposals	Depreciation	Others (*1)	Ending
Land	₩639,294	₩ -	₩ -	₩ -	₩(4,557)	₩634,737
Buildings	100,320,619	11,572	(3,671)	(698,232)	3,729,443	103,359,731
Less: Government grants	(214,251)	-	-	3,226	(17,059)	(228,084)
Construction in progress	12,951,002	3,933,545	-	-	(3,932,030)	12,952,517
Less: Government grants	(86,929)	(16,136)	-	-	11,038	(92,027)
Total	₩113,609,735	₩3,928,981	₩(3,671)	₩(695,006)	₩(213,165)	₩116,626,874

(*1) Others include amounts transferred from property, plant and equipment and inventories.

(2) Details of rental income and expenses for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Rental income	₩863,744	₩816,741
Rental expenses	(2,021,068)	(1,655,367)
Total	₩(1,157,324)	₩(838,626)

12. INTANGIBLE ASSETS EXCLUDING GOODWILL:

Changes in net book value of intangible assets excluding goodwill for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024					
	Beginning	Acquisition	Disposals	Amortization	Others	Ending
Software	₩17,539	₩2,201	₩ -	₩(3,428)	₩ -	₩16,312
Copyright, patent and industrial property rights	354	-	-	(40)	108	422
Development costs	25,774	-	-	(4,104)	1,744	23,414
Less: government grants	(187)	-	-	28	-	(159)
Intangible assets under development	5,119	1,864	-	-	(1,892)	5,091
Others	13,842	91	-	-	-	13,933
Total	₩62,441	₩4,156	₩ -	₩(7,544)	₩(40)	₩59,013

	Six months ended June 30, 2023					
	Beginning	Acquisition	Disposals	Amortization	Others	Ending
Brand name	₩1	₩ -	₩ -	₩(1)	₩ -	₩ -
Software	22,017	659	-	(3,464)	-	19,212
Copyright, patent and industrial property rights	299	-	-	(39)	21	281
Development costs	21,797	-	-	(3,829)	927	18,895
Less: government grants	(229)	-	-	18	-	(211)
Intangible assets under development	8,303	1,612	-	-	(948)	8,967
Others	13,602	-	-	-	-	13,602
Total	₩65,790	₩2,271	₩ -	₩(7,315)	₩ -	₩60,746

13. TRADE AND OTHER PAYABLES:

Details of trade and other payables as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Trade payables	₩2,528,995	₩1,625	₩2,546,396	₩1,667
Other payables	515,196	-	288,244	-
Accrued expenses	632,589	635,491	350,493	582,360
Leasehold deposits	15,175,932	9,992,868	16,058,456	8,869,255
Other deposits withheld	4,057	-	5,015	-
Lease liabilities	33,587	32,096	6,932	47,396
Total	₩18,890,356	₩10,662,080	₩19,255,536	₩9,500,678

14. BORROWINGS AND BONDS:

(1) Details of borrowings and bonds as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

Description	June 30, 2024	December 31, 2023
Current liabilities:		
Short-term borrowings	₩2,750,000	₩3,014,700
Current portion of long-term borrowings	291,759	317,440
Current portion of bonds	4,829,451	3,334,157
Addition: Government grants	2,393	1,813
Less: present value discounts	(2,393)	(1,813)
Less: discounts on issuance of bond	(799)	(920)
	7,870,411	6,665,377
Non-current liabilities:		
Long-term borrowings	44,132,522	45,082,426
Bonds	36,565,840	36,547,296
Addition: Government grants	9,708,196	10,831,841
Less: present value discounts	(9,708,196)	(10,831,841)
Less: discounts on issuance of bond	(12,721)	(13,276)
	80,685,641	81,616,446
Total liabilities	₩88,556,052	₩88,281,823

14. **BORROWINGS AND BONDS(cont'd):**

(2) Details of short-term borrowings as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

Financial institutions	June 30, 2024		
	Annual interest rate (%)	Maturity date	Balances
KEB Hana Bank	3.73 ~ 4.06	Jul 5, 2024 ~ Sep 6, 2024	₩2,000,000
Hana Financial Investment Co., Ltd.	3.91 ~ 3.93	Aug 8, 2024 ~ Sep 3, 2024	450,000
Shinhan Bank	3.89	Sep 2, 2024	200,000
Woori Investment Bank Co., Ltd.	4.02	Jul 2, 2024	100,000
			<u>₩2,750,000</u>

Financial institutions	December 31, 2023		
	Annual interest rate (%)	Maturity date	Balances
KEB Hana Bank	3.98 ~ 4.29	Jan 5, 2024 ~ Mar 7, 2024	₩2,200,000
Hana Financial Investment Co., Ltd.	3.82 ~ 3.84	Jan 19, 2024 ~ Mar 5, 2024	500,000
Shinhan Bank	4.12	Mar 4, 2024	200,000
Woori Investment Bank Co., Ltd.	4.23	Jan 4, 2024	100,000
Hannuri Energy	3.45	Jun 21, 2024	1,000
NH NongHyup Bank and other	4.00 ~ 7.11	Jun 4, 2024	13,700
			<u>₩3,014,700</u>

14. **BORROWINGS AND BONDS(cont'd):**

(3) Details of long-term borrowings as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	Creditors	Annual interest rate (%)	Maturity date	June 30, 2024	December 31, 2023
National Housing Fund	KB Kookmin Bank, etc. (*1)	1~4.3	Jul 8, 2024~ Jul 28, 2069	44,423,281	45,399,764
Energy Complex Fund	Korea Energy Agency	3.75	Apr 23, 2024	-	101
Operating Fund	Hannuri Energy	3.5	Aug 31, 2028	1,000	-
				<u>44,424,281</u>	<u>45,399,865</u>
	Addition: Government grants			9,710,589	10,833,655
	Less: present value discounts			<u>(9,710,589)</u>	<u>(10,833,655)</u>
				<u>44,424,281</u>	<u>45,399,865</u>
	Less: current portion			(291,759)	(317,440)
	Addition: present value discounts on current portion			2,392	1,813
	Less: government grants			<u>(2,392)</u>	<u>(1,813)</u>
				<u>₩44,132,522</u>	<u>₩ 45,082,425</u>

(*1) KB Kookmin Bank, NH NongHyup Bank, Woori Bank, Korea Housing Guarantee.

14. BORROWINGS AND BONDS(cont'd):

(4) Details of bonds as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won and in thousands of foreign currencies):

	Annual interest rate (%)	Maturity date	June 30, 2024		December 31, 2023	
			Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Bonds denominated in Korean won (*1)	1.164~7.9	2024.07.02 ~2068.10.30	-	₩37,167,000	-	₩36,497,000
Bonds denominated in US dollars (*2)	0.774~5.75	2024.08.05 ~2031.11.16	USD 1,270,000	1,764,284	USD 1,270,000	1,637,538
Bonds denominated in CHF (*3)	0.193~1.823	2025.06.15 ~2026.02.13	CHF 350,000	541,027	CHF 200,000	305,364
Bonds denominated in HKD (*4)	2.43	2024.09.28	HKD 470,000	83,613	HKD 470,000	77,578
Bonds denominated in SGD (*5)	4.20	2025.11.06	SGD 100,000	102,275	SGD 100,000	97,686
Bonds denominated in BRL	8.662~10.38	2026.04.15 ~2026.06.12	BRL 2,516,000	635,340	-	-
Bonds related to land compensation	0.93~4.29	2023.07.01 ~2029.05.31	-	1,101,752	-	1,266,287
				<u>41,395,291</u>		<u>39,881,453</u>
Less: discount on issuance of bonds				<u>(13,520)</u>		<u>(14,196)</u>
				<u>41,381,771</u>		<u>39,867,257</u>
Less: Current portion				(4,829,451)		(3,334,157)
Less: Discount on issuance of bonds' current portion				<u>799</u>		<u>920</u>
				<u>₩36,553,119</u>		<u>₩36,534,020</u>

(*1) The bonds are guaranteed by Korean Government in accordance with Paragraph 3 of Article 10 of *Korea Land and Housing Corporation Act*.

(*2) Out of the marked bonds, \$1,040,000 thousand are listed on Singapore Stock Exchange.

(*3) The bonds are listed on Swiss Stock Exchange.

(*4) The bonds are listed on Hongkong Stock Exchange.

(*5) The bonds are listed on Singapore Stock Exchange.

14. **BORROWINGS AND BONDS(cont'd):**

(5) Redemption plans of long-term borrowings and bonds as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024		
	Borrowings	Bonds payable	Total
Less than 1 year	₩ 3,041,759	₩ 4,829,451	₩ 7,871,210
1 year–5 years	1,252,699	15,864,352	17,117,051
More than 5 years	42,879,823	20,701,488	63,581,311
	<u>₩ 47,174,281</u>	<u>₩41,395,291</u>	<u>₩88,569,572</u>

	December 31, 2023		
	Borrowings	Bonds payable	Total
Less than 1 year	₩ 3,332,140	₩ 3,334,157	₩ 6,666,297
1 year–5 years	1,095,361	16,219,780	17,315,141
More than 5 years	43,987,065	20,327,516	64,314,581
	<u>₩ 48,414,566</u>	<u>₩ 39,881,453</u>	<u>₩ 88,296,019</u>

15. **EMPLOYEE RETIREMENT BENEFITS:**

(1) Defined contribution plan

Details of costs related with the defined contribution plan recognized in the statements of profit or loss for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Cost of sales	₩658	₩823
Selling and administrative expenses	<u>14</u>	<u>24</u>
	<u>₩672</u>	<u>₩847</u>

(2) Defined benefit plan

Details of net defined benefit liability recognized in relation to the defined benefit obligation of the Group regarding the defined benefit plan as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024	December 31, 2023
Present value of defined benefit obligation under reserved plan	₩517,013	₩519,358
Fair value of plan assets	(62,720)	(63,227)
National pension fund	<u>(81)</u>	<u>(81)</u>
	<u>₩452,212</u>	<u>456,050</u>

15. EMPLOYEE RETIREMENT BENEFITS(cont'd):

(3) Changes in present value of defined benefit liability for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Beginning	₩519,358	₩487,444
Service costs	27,764	28,147
Interest costs	10,824	11,982
Additions/transfer-in	539	13
Remeasurements of defined benefit liabilities	(7,855)	(31,157)
Payments	(34,113)	(39,825)
Others	496	1
Ending	₩517,013	₩456,604

(4) Changes in the fair value of plan assets for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Beginning	₩63,228	₩51,870
Employer contributions	-	156
Expected return on plan assets	1,162	1,194
Remeasurements of defined benefit liabilities	(72)	94
Payments	(1,598)	(1,045)
Ending	₩62,720	₩52,269

(5) Details of costs related with the defined benefit plan recognized in the statements of comprehensive income for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Service costs	₩27,764	₩28,147
Interest costs	10,824	11,982
Addition/transfer-in	539	13
Expected return on plan assets	(1,162)	(1,194)
	₩37,965	₩38,948

16. PROVISIONS:

(1) Details of provisions as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024			December 31, 2023		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefit provision (*1)	₩88,198	₩ -	₩88,198	₩89,302	₩ -	₩89,302
Warranty provision (*2)	-	24,344	24,344	-	38,224	38,224
Provision for litigation	-	279,899	279,899	-	304,795	304,795
Cost provision (*3)	14,889,497	-	14,889,497	15,219,420	-	15,219,420
Provision for housing ownership conversion(*4)	28,455	-	28,455	31,299	-	31,299
Provision for greenhouse gas emission (*5)	1,525	-	1,525	1,774	-	1,774
Payment guarantee provision	-	1,182	1,182	-	1,182	1,182
	<u>₩15,007,675</u>	<u>₩305,425</u>	<u>₩15,313,100</u>	<u>₩15,341,795</u>	<u>₩ 344,201</u>	<u>₩15,685,996</u>

(*1) The Group has estimated performance bonuses based on business performance and management evaluation standards for the reporting period. These estimates may vary.

(*2) The Group recognizes the estimated liability to repair or replace products sold with warranties at the date of the consolidated statements of financial position. The provision is determined based on past experience on warranty claims on the level of repairs and returns.

(*3) Expected future costs to be incurred in relation to revenue arising from construction contracts are recognized as cost variance, when the construction cost is complete, and the estimates may vary.

(*4) Expected future costs to be incurred in relation to the conversion of public rental housing to housing for sale are recognized as provisions for housing ownership conversion, and the estimates may vary.

(*5) Provision for greenhouse gas emission is an estimated costs for purchasing greenhouse gas emission rights exceeding the emission rights allocated free of charge. These estimates are subject to change.

17. NON-FINANCIAL LIABILITIES:

Details of non-financial liabilities as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Advance receipts	₩31,717	₩30,844	₩ 20,067	₩ 32,591
Advances from housing sales	14,589,862	-	16,535,552	-
Deferred revenue from construction contracts	-	65,088	-	66,260
Withholdings	2,291,134	-	1,763,373	-
Other unearned revenues	948,744	-	990,842	-
Due to customers for construction contracts	5,051	-	1,025	-
Others	120,221	15,865	107,888	16,898
	<u>₩17,986,729</u>	<u>₩117,797</u>	<u>₩19,418,747</u>	<u>₩115,749</u>

18. ISSUED CAPITAL:

(1) Details of issued capital as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024			December 31, 2023		
	Government	Non-government	Total	Government	Non-government	Total
Common shares	₩41,114,365	₩7,586,632	₩48,700,997	₩40,783,403	₩5,654,465	₩46,437,868

The Group's issued capital increased by ₩2,263,129 million and ₩2,205,836 million during the six-month periods ended June 30, 2024 and 2023, respectively, due to additional contribution made by the Ministry of Land, Infrastructure and Transport.

(2) Details of discounts on stocks issuance as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024	December 31, 2023
Discounts on stocks issuance	<u>₩(10,863)</u>	<u>₩(13,547)</u>

19. RETAINED EARNINGS (SEPARATE FINANCIAL STATEMENTS BASIS):

(1) Details of the retained earnings as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024	December 31, 2023
Legal reserve (*)	₩ 6,252,846	₩ 6,145,569
Other legal reserve	17,250,406	16,942,201
Unappropriated retained earnings	793,358	536,384
	<u>₩24,296,610</u>	<u>₩23,624,154</u>

(*) According to *Korea Land and Housing Corporation Act*, an amount equal to at least 20% of net income is required to be appropriated as a legal reserve, until the reserve equals 50% of issued capital. The legal reserve cannot be utilized for cash dividends, but may only be used to offset a deficit, if any, or be transferred to capital.

(2) Details of other legal reserve as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024	December 31, 2023
Reserve for business expansion	₩8,350,369	₩ 8,256,717
Reserve for bank of land	8,900,037	8,685,483
	<u>₩17,250,406</u>	<u>₩16,942,200</u>

(3) Changes in retained earnings for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Beginning	₩23,624,153	₩23,401,591
Net profit (loss) for the period	787,169	(131,143)
Dividends	(107,355)	(294,141)
Amortization of discounts on stocks issuance	(13,547)	(19,680)
Remeasurements of defined benefit liabilities	6,190	23,170
Ending	<u>₩24,296,610</u>	<u>₩22,979,797</u>

20. OTHER COMPONENTS OF EQUITY:

Other components of equity, included in other comprehensive income, as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Other comprehensive income ("OCI")		
Gain (loss) on cash flow hedges	₩(39,166)	₩907
Shares of OCI of investees under equity method	7,070	9,439
Loss on foreign currency translation of foreign operations	(356)	(437)
Gain on financial assets at fair value through other comprehensive income ("FVOCI")	<u>2,869</u>	<u>2,869</u>
	<u>₩(29,583)</u>	<u>₩12,778</u>

21. SALES AND COST OF SALES:

Sales and cost of sales for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	<u>Six months ended June 30, 2024</u>	<u>Six months ended June 30, 2023</u>
Sales:		
Revenue from sales of land	₩4,435,450	₩2,555,332
Revenue from sales of housing units	3,890,359	1,520,700
Revenue from rental real estate	863,744	816,741
Revenue from government grants	98,844	94,327
Other income	<u>281,116</u>	<u>335,475</u>
	<u>₩9,569,513</u>	<u>₩5,322,575</u>
Cost of sales:		
Land	₩2,869,320	₩1,860,632
Housing	3,326,423	1,345,277
Real estate rent	2,021,068	1,655,367
Government grants	103,033	88,231
Other operating expenses	<u>256,362</u>	<u>296,705</u>
	<u>₩8,576,206</u>	<u>₩5,246,212</u>

22. OTHER INCOME AND EXPENSES:

- (1) Details of other income for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Other income – revenue recognition over period for advance receipts	₩492,223	₩387,840
Government grant income	133,704	141,088
Other income – interest of advances from land sales	27,902	24,156
Other income – interest of advances from housing sales	325	387
Profit from the sale of waste products	-	1
Other miscellaneous income	43,473	14,838
	<u>₩697,627</u>	<u>₩568,310</u>

- (2) Details of other expenses for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Other expenses – expense recognition over period for advance payments	₩1,061	₩815
Amortization of discounts on long-term borrowings	133,704	141,088
Loss on cancellation of sales	60,442	34,317
Loss on renovations	68	57
Other miscellaneous loss	45,000	9,620
	<u>₩240,275</u>	<u>₩185,897</u>

- (3) Details of other losses among other losses account for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Loss on cancellation of business	<u>₩(7,753)</u>	<u>₩(6,147)</u>

23. FINANCE INCOME AND FINANCE COSTS:

- (1) Details of finance income for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Interest income	₩75,932	₩172,722
Dividend	5	234
Gain on disposal of financial assets	58,061	85
Gain on valuation of financial assets at fair value through profit or loss ("FVPL")	35,536	69,672
Gain on derivative transactions	40,804	-
Gain on foreign currency translation	175	43
Gain on foreign currency transactions	13	140
Other finance income	1,060	816
	<u>₩211,586</u>	<u>₩243,711</u>

- (2) Details of interest income recognized as finance income for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Cash and cash equivalents	₩766	₩529
Loans and receivables	133	611
Long- and short-term financial instruments	20,423	47,162
Other financial instruments	9,354	10,352
Trade and other receivables	45,256	114,068
	<u>₩75,932</u>	<u>₩172,722</u>

- (3) Details of finance costs for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Interest expense	₩82,430	₩100,542
Loss on disposal of financial assets at FVPL	6,150	-
Loss on valuation of financial assets at FVPL	-	9,132
Loss on foreign currency translation	2	-
Loss on foreign currency transaction	80	11
Other finance costs	492,223	387,841
	<u>₩580,885</u>	<u>₩497,526</u>

23. FINANCE INCOME AND FINANCE COSTS(cont'd):

- (4) Details of interest expense recognized as finance costs for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Short-term borrowings	₩49,941	₩32,830
Long-term borrowings	447,054	441,465
Bonds	640,453	520,911
Other financial liabilities	42,264	44,910
Long-term lease liabilities	1,422	889
	<u>1,181,134</u>	<u>1,041,005</u>
Less: capitalized borrowing costs	(728,441)	(582,693)
Less: transferred to other costs	<u>(370,263)</u>	<u>(357,770)</u>
	<u>₩82,430</u>	<u>₩100,542</u>

24. INCOME TAXES REGARDING CONTINUING BUSINESS:

- (1) The major components of the income tax expense for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Current income tax charge	₩291,730	₩133
Adjustments in respect of current income tax of prior years	(44,609)	50,369
Items charged directly to equity	13,134	(332)
Deferred tax relating to temporary differences	<u>(49,786)</u>	<u>(20,735)</u>
Income tax expense	<u>₩210,469</u>	<u>₩29,435</u>

24. INCOME TAXES REGARDING CONTINUING BUSINESS(cont'd):

(2) Reconciliations of income tax expense and accounting income before income tax expense for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	June 30, 2024	June 30, 2023
Profit before income tax expense	₩1,003,463	₩(96,169)
Tax charge at statutory tax rate	261,272	(22,482)
Adjustments:		
Non-taxable income	(8,650)	(428)
Non-deductible expenses	2,756	2,297
Tax benefits	(302)	(321)
Adjustments in respect of current income tax of prior years	(44,609)	50,369
	(50,805)	51,917
Income tax expense	₩210,469	₩29,435
Effective tax rate (*)	20.97%	-

(*) For the six-month period ended June 30, 2023, the effective tax rate was not calculated due to loss before income tax expense incurred for the period.

(3) Details of income taxes recognized in OCI for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024	Six months ended June 30, 2023
Net gain on valuation of cash flow hedges	₩14,374	₩5,784
Remeasurements of defined benefit liabilities	(2,089)	(8,261)
Equity adjustments under equity method	849	2,145
Total	₩13,134	₩(332)

25. ASSETS CLASSIFIED AS HELD-FOR-SALE:

Details of assets classified as held-for-sale as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	June 30, 2024	December 31, 2023
Land (*)	₩70,496	₩70,496
Buildings (*)	81,573	81,529
Total	₩152,069	₩152,025

(*) The Group has an active plan to dispose of its regional headquarters (including land, buildings and rental housing).

26. CLASSIFICATION BASED ON THE NATURE OF EXPENSE:

Details of classification based on the nature of expense for cost of sales and selling and administrative expenses for each of the six-month periods ended June 30, 2024 and 2023 are as follows (in millions of Korean won):

	Six months ended June 30, 2024			
	Changes in inventories	Selling and administrative expenses	Cost of sales	Total
Changes in finished goods and work in process	₩(1,637,505)	₩ -	₩ -	₩(1,637,505)
Use of raw materials and supplies	7,753,744	-	-	7,753,744
Contribution to intra-company welfare fund	-	38	-	38
Salaries	-	91,020	302,970	393,990
Retirement benefits	-	14,041	24,596	38,637
Severance benefits	-	2,740	-	2,740
Employee welfare benefits	-	18,033	30,886	48,919
Insurance premium	-	412	42,490	42,902
Depreciation	-	19,357	753,764	773,121
Amortization	-	7,348	196	7,544
Bad debt expense	-	9,002	-	9,002
Commissions	-	33,392	193,053	226,445
Advertising	-	7,058	2,358	9,416
Training	-	8,573	796	9,369
Vehicle maintenance	-	254	525	779
Publications	-	374	994	1,368
Business expenses	-	163	104	267
Rent	-	3,870	10,034	13,904
Communication	-	363	4,453	4,816
Freighting	-	89	45	134
Taxes and dues	-	155,778	2,024	157,802
Supplies	-	863	2,134	2,997
Utilities	-	1,888	4,908	6,796
Repairs and maintenance	-	2,124	714,803	716,927
Ordinary development expense	-	26,799	189	26,988
Travel expenses	-	3,074	14,607	17,681
Clothing expenses	-	4	167	171
Investigation and analysis	-	2,474	2,417	4,891
Membership dues	-	56	28	84
Sales promotion	-	9,991	-	9,991
Sales commissions	-	10,559	-	10,559
Others	-	6,977	351,426	358,403
Total	₩6,116,239	₩436,714	₩2,459,967	₩9,012,920

26. CLASSIFICATION BASED ON THE NATURE OF EXPENSE(cont'd):

	Six months ended June 30, 2023			
	Changes in inventories	Selling and administrative expenses	Cost of sales	Total
Changes in finished goods and work in process	₩(7,700,862)	₩ -	₩ -	₩(7,700,862)
Use of raw materials and supplies	10,792,036	-	11,986	10,804,022
Contribution to intra-company welfare fund	-	60	-	60
Salaries	-	10,083	296,410	306,493
Retirement benefits	-	9,472	30,323	39,795
Severance benefits	-	1,238	-	1,238
Employee welfare benefits	-	21,227	33,271	54,498
Insurance premium	-	348	25,999	26,347
Depreciation	-	20,373	705,084	725,457
Amortization	-	7,134	179	7,313
Commissions	-	28,863	177,449	206,312
Advertising	-	7,920	1,882	9,802
Training	-	8,923	504	9,427
Vehicle maintenance	-	350	526	876
Publications	-	373	1,468	1,841
Business expenses	-	197	86	283
Rent	-	3,569	10,204	13,773
Communication	-	338	3,957	4,295
Freighting	-	6	34	40
Taxes and dues	-	203,344	(11)	203,333
Supplies	-	973	2,195	3,168
Utilities	-	2,263	72,981	75,244
Repairs and maintenance	-	1,567	427,205	428,772
Ordinary development expense	-	23,197	296	23,493
Travel expenses	-	2,956	12,175	15,131
Clothing expenses	-	4	165	169
Investigation and analysis	-	2,297	2,478	4,775
Membership dues	-	137	28	165
Sales promotion	-	11,872	-	11,872
Sales commissions	-	6,953	-	6,953
Interest expense	-	-	885	885
Others	-	16,606	337,279	353,885
Total	₩3,091,174	₩392,583	₩2,155,038	₩5,638,795

27. FINANCIAL INSTRUMENTS:

(1) Hierarchy of fair value of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of consolidated financial statements by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques that use inputs and have a significant effect on the recorded fair value that are not based on observable market data

(2) Details of the financial instruments carried at fair value as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

June 30, 2024						
	Level 1		Level 2		Level 3	Total
Financial assets:						
Financial assets at FVPL	₩	-	₩	-	₩5,172,982	₩5,172,982
Financial assets at FVOCI				-	69,168	69,168
Derivative assets		-		255,277	-	255,277
Financial liabilities:						
Derivative liabilities		-		95,953	-	95,953
December 31, 2023						
	Level 1		Level 2		Level 3	Total
Financial assets:						
Financial assets at FVPL	₩	-	₩	-	₩4,017,082	₩4,017,082
Financial assets at FVOCI		-		-	69,168	69,168
Derivative assets		-		170,708	-	170,708
Financial liabilities:						
Derivative liabilities		-		99,987	-	99,987

27. FINANCIAL INSTRUMENTS(cont'd):

(3) Details of financial assets by category as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

June 30, 2024						
	Financial assets at amortized cost	Financial assets at FVPL		Financial assets at FVOCI	Derivatives designated as cash flow hedges	Total
		Debt instruments	Equity instruments	Equity instruments		
Current:						
Cash and cash equivalents	₩1,768,989	₩ -	₩ -	₩ -	₩ -	₩1,768,989
Financial assets at FVPL	-	4,638,307	-	-	-	4,638,307
Short-term loans	-	-	-	-	-	-
Short-term financial instruments	765,292	-	-	-	-	765,292
Derivative assets	-	-	-	-	104,420	104,420
Trade and other receivables	1,479,908	-	-	-	-	1,479,908
	<u>4,014,189</u>	<u>4,638,307</u>	<u>-</u>	<u>-</u>	<u>104,420</u>	<u>8,756,916</u>
Non-current:						
Financial assets at FVPL	-	529,366	5,309	-	-	534,675
Financial assets at FVOCI	-	-	-	69,167	-	69,167
Long-term loans	702,325	-	-	-	-	702,325
Long-term financial instruments	5,004	-	-	-	-	5,004
Derivative assets	-	-	-	-	150,857	150,857
Trade and other receivables	3,670,311	-	-	-	-	3,670,311
Non-current financial assets as government grants	-	(277)	-	-	-	(277)
	<u>4,377,640</u>	<u>529,089</u>	<u>5,309</u>	<u>69,167</u>	<u>150,857</u>	<u>5,132,062</u>
	<u>₩8,391,829</u>	<u>₩5,167,396</u>	<u>₩ 5,309</u>	<u>₩ 69,167</u>	<u>₩ 255,277</u>	<u>₩13,888,977</u>
December 31, 2023						
	Financial assets at Amortized cost	Financial assets FVPL		Financial assets at FVOCI	Derivatives designated as cash flow hedges	Total
		Debt instruments	Equity instruments	Equity instruments		
Current:						
Cash and cash equivalents	₩2,409,059	₩ -	₩ -	₩ -	₩ -	₩2,409,059
Financial assets at FVPL	-	3,358,875	-	-	-	3,358,875
Short-term loans	6	-	-	-	-	6
Short-term financial instruments	614,321	-	-	-	-	614,321
Derivative assets	-	-	-	-	25,153	25,153
Trade and other receivables	1,782,171	-	-	-	-	1,136,641
	<u>4,805,557</u>	<u>3,358,875</u>	<u>-</u>	<u>-</u>	<u>25,153</u>	<u>8,189,585</u>
Non-current:						
Financial assets at FVPL	-	652,904	5,304	-	-	658,208
Financial assets at FVOCI	-	-	-	69,168	-	69,168
Long-term loans	452,023	-	-	-	-	452,023
Long-term financial instruments	7,247	-	-	-	-	7,247
Derivative assets	-	-	-	-	145,555	145,555
Trade and other receivables	3,497,545	-	-	-	-	3,497,545
Non-current financial assets as government grants	-	(277)	-	-	-	(277)
	<u>3,956,815</u>	<u>652,626</u>	<u>5,304</u>	<u>69,168</u>	<u>145,555</u>	<u>4,829,469</u>
	<u>₩8,762,372</u>	<u>₩4,011,501</u>	<u>₩ 5,304</u>	<u>₩ 69,168</u>	<u>₩ 170,708</u>	<u>₩13,019,054</u>

27. FINANCIAL INSTRUMENTS(cont'd):

(4) Details of financial liabilities by category as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

June 30, 2024				
	Financial liabilities at amortized cost	Derivatives designated as hedges	Total	
Current:				
Short-term borrowings	₩ 2,750,000	₩ -	₩	2,750,000
Current portions of long-term borrowings	291,759	-		291,759
Current portion of bonds	4,828,652	-		4,828,652
Trade and other payables	18,890,356	-		18,890,356
	<u>26,760,767</u>	<u>-</u>		<u>26,760,767</u>
Non-current:				
Long-term borrowings	44,132,522	-		44,132,522
Bonds	36,553,119	-		36,553,119
Derivative liabilities	-	95,953		95,953
Trade and other payables	10,662,079	-		10,662,079
	<u>91,347,720</u>	<u>95,953</u>		<u>91,443,673</u>
	<u>₩118,108,487</u>	<u>₩ 95,953</u>		<u>₩118,204,440</u>
December 31, 2023				
	Financial liabilities at amortized cost	Derivatives designated as hedges	Total	
Current:				
Short-term borrowings	₩ 3,014,700	₩ -	₩	3,014,700
Current portion of long-term borrowings	317,440	-		317,440
Current portion of bonds	3,333,237	-		3,333,237
Trade and other payables	19,255,537	-		19,255,537
	<u>25,920,914</u>	<u>-</u>		<u>25,920,914</u>
Non-current:				
Long-term borrowings	45,082,426	-		45,082,426
Bonds	36,534,020	-		36,534,020
Derivative liabilities	-	99,987		99,987
Trade and other payables	9,500,679	-		9,500,679
	<u>91,117,125</u>	<u>99,987</u>		<u>91,217,112</u>
	<u>₩117,038,038</u>	<u>₩ 99,987</u>		<u>₩117,138,026</u>

28. RELATED PARTY TRANSACTIONS:

(1) The Group's major related parties as of June 30, 2024 are as follows:

Relationship	Related party
Ultimate parent entity	Government of the Republic of Korea Korea Housing Management Co., Ltd. Hannuri Co., Ltd., Gwacheon Development Co., Ltd., LH Facilities Management Co., Ltd., LH Housing Welfare Information Co., Ltd., LH PRIMORYE, LLC
Subsidiaries	Smart City Co., Ltd., etc.
Associates	

(2) Transactions between related parties of the Group are eliminated and not disclosed in notes accordingly.

(3) There are no transactions with related parties for each of the six-month periods ended June 30, 2024 and 2023.

(4) There are no receivables and payables balanced with related parties other than borrowings and loans as of June 30, 2024.

(5) Loans from related parties as of June 30, 2024 and December 31, 2023 are as follows (in millions of Korean won):

	Related party	June 30, 2024	December 31, 2023
Ultimate parent entity	Ministry of Land Transport and Maritime Affairs (National housing fund)	₩ 44,423,281	₩45,399,765

(6) Key management personnel compensation in parent entity as of June 30, 2024 and 2023 are as follows (in millions of Korean won):

	June 30, 2024	June 30, 2023
Short-term salaries	₩ 479	₩ 462

29. COMMITMENTS AND CONTINGENCIES:

- (1) The Group has entered into an agreement to guarantee the purchase of unsold apartments that Third-Party Managed REIT for Development of Public Rental Housing (NHF No.1~No.16) will own upon the completion of construction and subsequent lease and sale in accordance with *Housing Act* and related laws. However, the effects from the agreement on the Group's compliance and financial statements cannot be reasonably estimated as of June 30, 2024.
- (2) The Group has entered into an agreement to guarantee the discounted purchase of unsold apartments that a house development and real estate investment trusts company (seven real estate development REIT including Incheon Gumdan complex) will own upon the completion of construction and subsequent sale in accordance with *Housing Act* and related laws. However, the effects of the agreement on the Group's compliance and financial statements cannot be reasonably estimated as of June 30, 2024.
- (3) The Group has entered into an agreement with the municipality of Gyeonggi-do and Seongnam-si, Korea on the Pangyo-district joint implementation project. According to the agreement, the excess returns shall be reinvested if the actual return on investment (ROI) earned by the Group exceeds the reasonable ROI of comparable entities. Accordingly, the Group records the estimated excess returns as cost of sales and other current liabilities as of June 30, 2024.
- (4) The Group has entered into an agreement to guarantee the purchase of unsold apartments that Zero Energy Lease REIT No.2 Co., Ltd. will own upon the completion of construction and subsequent lease and sale in accordance with *Special Act on Private Rental Housing* and related laws. However, the effects of the agreement on the Group's compliance and financial statements cannot be estimated as of June 30, 2024.
- (5) The Group has entered into agreements for returning cancellation agreements with financial institutions until the amount to be refunded to the buyer when canceling the contract-related intermediate payment in accordance with the real estate sale contract.
- (6) As of June 30, 2024, the Group is involved in a total of 1,479 pending litigations with total claims against the Group amounting to ₩1,526,116 million. (Plaintiff: 312 pending litigations, Amount: ₩479,147 million. Defendant: 1,167 pending litigations, Amount: ₩1,046,969 million.) Accordingly, the Group provides a contingent reserve for the outflow of economic resources because of legal settlements. The management of the Group utilizes reasonable methods in approximating the provision for such reserve.
- (7) In accordance with KMIC Joint Venture Agreement (JVA), the Group has agreed to a payment guarantee for the amount according to the cash capital investment ratio (currently 66.67%) among the loans from financial institutions necessary for the formation of KMIC in the future. The exact amount and timing of the payment related thereto cannot be specified as of June 30, 2024.

29. COMMITMENTS AND CONTINGENCIES(cont'd):

- (8) In accordance with *Special Act on Public Housing* and related laws, the Group has entered into an agreement to guarantee the purchase of housing units that are expected to be constructed or are under construction by entities from the private sector for the purposes of using as a rental housing and details of the agreement are as follows (in millions of Korean won):

	<u>June 30, 2024</u>	<u>December 31, 2023</u>
Private housing purchase agreement	₩4,627,931	₩3,297,509

- (9) Details of agreements with institutions including loan agreement and performance guarantee as of June 30, 2024 are as follows (in millions of Korean won):

<u>Agreement</u>	<u>Financial institutions</u>	<u>Limit</u>	<u>Loan execution</u>	<u>Details</u>
Loan arrangement	Woori Bank	₩450,000	₩ -	Checking loan
	KEB Hana Bank	150,000	-	Checking loan
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	300,000	300,000	Bill discount
	KEB Hana Bank	300,000	300,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	Hana Financial Investment	200,000	200,000	Bill discount
	Hana Financial Investment	250,000	250,000	Bill discount
	Shinhan Bank	200,000	200,000	Bill discount
	Woori Investment Bank Co., Ltd.	100,000	100,000	Bill discount
Guarantee	Seoul Guarantee Insurance	194,727	194,727	License and deposit
Total		<u>₩3,544,727</u>	<u>₩2,944,727</u>	

29. COMMITMENTS AND CONTINGENCIES(cont'd):

(10) Details of debt guarantees and collateral provided by the Group for others as of June 30, 2024 are as follows
(in millions of Korean won and in thousands of foreign currencies):

1) Debt guarantees

Guarantee provider	Warrantee	Institution	Contract date	Period	Amount
Korea Land & Housing Corporation (*)	VTK HUNG YEN IP Co.,LTD	Joint Stock Commercial Bank for Foreign Trade of Vietnam- Pho Hien Branch (Vietcombank Pho Hien)	May 24, 2024	May 24, 2024~ Mar 6, 2026	USD 11,103

(*) The Company has an obligation to provide a cash deficiency support (subordinated loan) in default.

Guarantee provider	Warrantee	Institution	Contract date	Period	June 30, 2024	December 31, 2023
Hannuri(*1)	Hannuri Energy	Hyundai Asan	Sep 11, 2008	Jun 22, 2009~Sep 11, 2028	₩ 600	₩ 600
Hannuri(*2)	Hannuri Energy	E1	Jul 25, 2008	May 20, 2010~Jul 25, 2028	70	70

(*1) It is a joint guarantee for the obligation to return the deposit due to the consignment of the gas station operation.

(*2) It is a joint guarantee for the obligation to return the deposit due to the consignment of the charging station operation.

2) Guarantees

Guarantee provider	Warrantee	Commencement date	Amount of collateral
Hannuri	Export-Import Bank of Korea	Mar 30, 2016	₩ 9,100(*1)
Hannuri	Export-Import Bank of Korea	Aug 2, 2016	371(*2)
Hannuri	Export-Import Bank of Korea	May 24, 2022	371(*3)

(*1) As Hannuri received ₩7,000 million of South-North Korea trade insurance claims, a mortgage was established on the land use rights and building of Hannuri Hotel.

(*2) As Hannuri received ₩286 million of government grants, a mortgage was established on the land use rights and building of Hannuri Hotel and Hannuri Energy.

(*3) As Hannuri received an additional ₩286 million of government grants, a mortgage was established on the land use rights and building of Hannuri Hotel and Hannuri Energy.

Independent Auditors' Report

(English translation of a Report originally issued in Korean)

The Shareholders and Board of Directors Korea Land & Housing Corporation

Opinion

We have audited the accompanying consolidated financial statements of Korea Land & Housing Corporation and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean Government-Owned and Quasi-Government Accounting Regulations and Standards..

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 *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 audits 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 audit opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

1. Basis of financial statements preparation

The consolidated financial statements are prepared in accordance with the Korean Government Owned and Quasi-Government Accounting Regulations and Standards (refer to Note 2). If there are no regulations and standards in Korean Government-Owned and Quasi-Government Accounting Regulations and Standards, the Korean International Financial Reporting Standards ("K-IFRS") are applied to the preparation for the Group's consolidated financial statements. Further, if the guidelines of financial closing which are to be established every year by the Ministry of Strategy and Finance and the Korea Institute of Tax and Finance are stipulated differently,

the consolidated financial statements have been prepared by prioritizing the application of the guidelines.

2. Subsidy/Grants Program

The Company as a Specific Project Operators pursuant to 'Subsidy Management Act' discloses details by subsidy/grants programs and changes in subsidy/grants (refer to Note 29) in accordance with the relevant Act and 'Detailed Auditing Standards for Specific Project Operators'.

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

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with Korean Government Owned and Quasi- Government Accounting Regulations and Standards, and for such internal control as management determine 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.

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 auditing standards generally accepted in the Republic of Korea 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 auditing standards generally accepted in the Republic of Korea, 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 and 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 the management's use of the going concern basis of accounting

and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

We communicate with those charged with governance of the Group 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 audits.

February 21, 2024

A handwritten signature in black ink, reading "Choi Jongman". The signature is fluid and cursive, with the first name "Choi" and last name "Jongman" clearly distinguishable.

Jong-Man Choi
CEO and President

This report is effective as at February 21, 2024, the auditors' report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors' report date to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modification to the auditors' report.

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022
(In Korean won)

	Notes	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	6,28,30,49	₩ 2,409,059,160,030	₩ 2,759,752,901,105
Current financial assets	8,11,12,13,49,50	3,998,355,712,079	4,697,529,428,337
Trade and other receivables	9,19,20,49,51	1,782,171,104,438	1,136,640,537,425
Inventories	14	83,288,126,460,970	77,619,033,442,979
Current non-financial assets	15,20,51	4,646,254,691,398	4,546,910,808,743
Assets classified as held-for-sale	47	152,025,350,052	152,025,350,052
Subtotal		96,275,992,478,967	90,911,892,468,641
Non-current assets			
Non-current financial assets	7,8,10,11,12,13,28,49	1,331,923,076,235	2,241,807,389,863
Long-term trade and other receivables	9,49	3,497,545,197,105	3,830,885,558,420
Property, plant and equipment	17,25,28	1,260,852,390,427	1,292,555,073,607
Investment properties	18,28	119,434,479,871,939	113,609,734,044,071
Intangible assets excluding goodwill	21,28	62,441,502,241	65,789,567,153
Net employee defined benefit assets	26	1,960,278,223	2,983,303,250
Investments in associates	16	291,320,518,857	342,044,950,684
Deferred income tax assets	46	694,515,017,297	1,345,389,136,132
Non-current non-financial assets	15	5,858,855,338	5,759,596,221
Subtotal		126,580,896,707,662	122,736,948,619,401
Total assets		₩ 222,856,889,186,629	₩ 213,648,841,088,042

(Continued)

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2023 AND 2022
(In Korean won)

	Notes	December 31, 2023	December 31, 2022
Current liabilities			
Trade and other payables	23,25,49,50,51	19,255,536,991,507	₩ 17,251,682,934,061
Current financial liabilities	8,22,24,28,49,50,54	6,665,376,903,658	6,300,147,499,960
Income tax payable	-	30,791,753,866	431,115,273,493
Current non-financial liabilities	19,20,32	19,418,748,148,865	18,944,639,853,878
Current provisions	27	15,341,795,690,723	16,043,083,910,287
Subtotal		60,712,249,488,619	58,970,669,471,679
Non-current liabilities			
Long-term trade and other payables	23,25,49,50	9,500,678,699,596	11,445,216,578,034
Non-current financial liabilities	8,22,24,28,49,50,52	81,716,432,810,521	75,386,904,123,608
Non-current non-financial liabilities	31,32	115,748,595,217	116,313,027,791
Net employee defined benefit liabilities	26	458,009,910,368	438,476,462,769
Non-current provisions	27	344,200,556,220	259,619,600,290
Subtotal		92,135,070,571,922	87,646,529,792,492
Total liabilities		152,847,320,060,541	146,617,199,264,171
Equity			
Issued capital	1,33	46,437,867,880,665	43,625,614,408,665
Discount on stock issuance	33	(13,546,816,600)	(19,680,399,700)
Retained earnings	34,35	23,562,374,665,131	23,366,955,963,625
Other components of equity	8,36	12,778,356,054	50,378,245,346
Equity attributable to the shareholders of the parent		69,999,474,085,250	67,023,268,217,936
Non-controlling interests		10,095,040,838	8,373,605,935
Total equity		70,009,569,126,088	67,031,641,823,871
Total liabilities and equity		₩ 222,856,889,186,629	₩ 213,648,841,088,042

(Concluded)

See accompanying notes.

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Korean won)

	Notes	2023	2022
Sales	18,19,28,30,37,51	₩ 13,883,972,297,212	₩ 19,626,291,237,639
Cost of sales	18,30,38,39,40,48	(13,255,164,824,235)	(17,194,556,138,264)
Gross profit		628,807,472,977	2,431,735,099,375
Selling and administrative expenses	38,39,40,41,48	(585,135,179,354)	(618,896,066,460)
Operating profit		43,672,293,623	1,812,839,032,915
Other revenues	42	2,047,459,305,100	1,028,411,102,182
Other expenses	42	(580,609,674,681)	(420,644,002,021)
Others losses	43	(4,199,743,423)	(37,887,066,979)
Finance incomes	44,49	468,547,590,665	381,683,875,153
Finance costs	45,49	(1,034,698,951,935)	(713,444,233,194)
Equity method affiliated companies loss		(43,914,656,079)	(52,863,089,448)
Profit before income tax expense		896,256,163,270	1,998,095,618,608
Income tax expense	46	(380,423,482,395)	(565,375,622,356)
Continued operating profit		515,832,680,875	1,432,719,996,252
Profit for the period		515,832,680,875	1,432,719,996,252
Other comprehensive income:			
Other comprehensive income			
not to be reclassified to profit or loss			
in subsequent periods:			
Remeasurement gains (losses) on defined benefit plans		(4,871,067,366)	50,070,206,022
Losses on disposals of financial assets (equity instruments)			
measured at fair value through other comprehensive income		(32,950)	-
Gains (losses) on valuation of financial assets (equity instruments)			
measured at fair value through other comprehensive income		(208,240,544)	2,294,351,014
Other comprehensive income to be reclassified			
to profit or loss in subsequent periods:			
Net gain on cash flow hedge accounting	49	(32,318,261,688)	16,898,162,051
Exchange differences on translation		(136,266,693)	112,847,185
Equity adjustments in equity method		(4,937,087,417)	(830,425,209)
Other comprehensive income for the period, net of tax		(42,470,956,658)	68,545,141,063
Total comprehensive income for the period, net of tax		₩ 473,361,724,217	₩ 1,501,265,137,315
Profit for the period attributable to:			
Equity holders of the parent		514,111,245,972	1,431,335,044,587
Non-controlling interests		1,721,434,903	1,384,951,665
Total comprehensive income for:		₩ 515,832,680,875	₩ 1,432,719,996,252
the period attributable to			
Equity holders of the parent		471,640,289,314	1,499,880,185,650
Non-controlling interests		1,721,434,903	1,384,951,665
		₩ 473,361,724,217	₩ 1,501,265,137,315

See accompanying notes.

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Korean won)

	Issued capital	Retained earnings	Other components of equity	Total	Non-controlling interests	Total equity
Balance at January 1, 2022	₩ 39,980,049,922,445	₩ 22,742,709,270,686	₩ 31,903,310,305	₩ 62,754,662,503,436	₩ 6,988,654,270	₩ 62,761,651,157,706
Profit for the period	-	1,431,335,044,587	-	1,431,335,044,587	1,384,951,665	1,432,719,996,252
Remeasurement of the net defined benefit liability	-	50,070,206,022	-	50,070,206,022	-	50,070,206,022
Gains on valuation of financial assets (equity instruments) measured at fair value through other comprehensive income	-	-	2,294,351,014	2,294,351,014	-	2,294,351,014
Net gain on cash flow hedge accounting	-	-	16,898,162,051	16,898,162,051	-	16,898,162,051
Exchange differences on foreign operations	-	-	112,847,185	112,847,185	-	112,847,185
Equity adjustments in equity method	-	-	(830,425,209)	(830,425,209)	-	(830,425,209)
Total comprehensive income	-	1,481,405,250,609	18,474,935,041	1,499,880,185,650	1,384,951,665	1,501,265,137,315
Increase in share capital	3,606,516,915,300	-	-	3,606,516,915,300	-	3,606,516,915,300
Discounts on stock issuance	19,367,171,220	(19,367,171,220)	-	-	-	-
Dividends	-	(837,791,386,450)	-	(837,791,386,450)	-	(837,791,386,450)
Balance at December 31, 2022	₩ 43,605,934,008,965	₩ 23,366,955,963,625	₩ 50,378,245,346	₩ 67,023,268,217,936	₩ 8,373,605,935	₩ 67,031,641,823,871

(Continued)

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Korean won)

	Issued capital	Retained earnings	Other components of equity	Total	Non-controlling interests	Total equity
Balance at January 1, 2023	₩ 43,605,934,008,965	₩ 23,366,955,963,625	₩ 50,378,245,346	₩ 67,023,268,217,936	₩ 8,373,605,935	₩ 67,031,641,823,871
Profit for the period	-	514,111,245,972	-	514,111,245,972	1,721,434,903	515,832,680,875
Remeasurement of the net defined benefit liability	-	(4,871,067,366)	-	(4,871,067,366)	-	(4,871,067,366)
Losses on disposals of financial assets	-	-	-	-	-	-
(equity instruments) measured at fair value	-	-	-	-	-	-
through other comprehensive income	-	-	(32,950)	(32,950)	-	(32,950)
Losses on valuation of financial assets	-	-	-	-	-	-
(equity instruments) measured at fair value	-	-	-	-	-	-
through other comprehensive income	-	-	(208,240,544)	(208,240,544)	-	(208,240,544)
Net loss on cash flow hedge accounting	-	-	(32,318,261,688)	(32,318,261,688)	-	(32,318,261,688)
Exchange differences on foreign operations	-	-	(136,266,693)	(136,266,693)	-	(136,266,693)
Equity adjustments in equity method	-	-	(4,937,087,417)	(4,937,087,417)	-	(4,937,087,417)
Total comprehensive income	-	509,240,178,606	(37,599,889,292)	471,640,289,314	1,721,434,903	473,361,724,217
Increase in share capital	2,798,706,655,400	-	-	2,798,706,655,400	-	2,798,706,655,400
Discounts on stock issuance	19,680,399,700	(19,680,399,700)	-	-	-	-
Dividends	-	(294,141,077,400)	-	(294,141,077,400)	-	(294,141,077,400)
Balance at December 31, 2023	₩ 46,424,321,064,065	₩ 23,562,374,665,131	₩ 12,778,356,054	₩ 69,999,474,085,250	₩ 10,095,040,838	₩ 70,009,569,126,088

(Concluded)

See accompanying notes.

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Korean won)

	2023	2022
Cash flows from operating activities		
Profit for the period	₩ 515,832,680,875	₩ 1,432,719,996,252
Non-cash adjustments to reconcile profit for the period to net cash flows;		
Income tax expense	380,423,482,395	565,375,622,356
Finance costs	(226,404,254,028)	(213,666,714,106)
Depreciation and amortization	1,488,584,730,434	1,356,039,795,680
Adjustment in provisions	126,023,038,927	(671,853,679,531)
Losses on foreign currency translation	(17,576,337)	(183,162,627)
Equity method income, net	41,286,667,911	52,863,089,448
Losses (gains) on disposal of non-current assets	(8,947,668,759)	4,786,352,967
Others	88,056,448,697	326,210,052,966
Total adjustments	1,889,004,869,240	1,419,571,357,153
Changes in operating assets and liabilities;		
Inventories	(4,953,268,649,937)	(414,594,410,536)
Trade receivables	610,374,539,637	(713,367,314,533)
Other receivables	829,094,801,625	(776,335,449,757)
Trade payables	(747,432,676,947)	(369,175,073,303)
Other payables	(461,727,758,080)	2,385,192,151,475
Cash generated from operations	(2,318,122,193,587)	2,964,011,256,751
Dividends received	581,508,400	958,545,523
Interest paid	(167,076,912,089)	(154,316,638,562)
Interest received	334,805,753,890	384,151,992,052
Income tax paid	(129,872,883,187)	(1,681,476,156,784)
Net cash flows provided by (used in) operating activities	(2,279,684,726,573)	1,513,328,998,980
Cash flows from investing activities:		
Acquisition of investments in associates	-	(18,326,068,687)
Disposal of investments in associates	2,627,988,168	14,488,562,224
Disposal of property, plant and equipment	3,102,295,651	353,478,904
Acquisition of property, plant and equipment	(20,442,634,444)	(28,855,439,541)
Disposal of intangible assets	-	27,025,872
Acquisition of intangible assets	(11,316,339,162)	(23,845,999,754)
Disposal of investment properties	10,906,832,591	5,659,364,979
Acquisition of investment properties	(8,029,935,056,722)	(12,286,750,164,803)
Disposal of assets classified as held-for-sale	-	-
Acquisition of other financial assets (long-term financial assets)	(4,842,355,173,586)	(365,219,238,485)
Disposal of other financial assets (long-term financial assets)	4,632,787,115,112	114,605,550,912
Acquisition (disposal) of other financial assets	756,784,224,919	(169,371,327,399)
Acquisition of financial assets (liabilities) measured at fair value through profit and loss	(12,374,767,960)	(84,165,512,005)
Disposal of financial assets (liabilities) measured at fair value through profit and loss	2,501,000,000	32,125,595
Acquisition of financial assets (equity) measured at fair value through other comprehensive income	(285,590,830)	-
Disposal of financial assets (equity) measured at fair value through other comprehensive income	-	39,018,436
Increase in deposits	(11,546,460,261)	(30,279,879,586)
Acquisition of financial assets measured at amortized cost	-	(897,964,928)
Disposal of financial assets measured at amortized cost	-	1,324,557,562
Repayment of loans	1,420,280,088,526	946,980,414,144
Increase in loans	(1,235,570,360,181)	(1,171,403,851,673)
Net cash flows used in investing activities	₩ (7,334,836,838,179)	₩ (13,095,605,348,233)

(Continued)

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Korean won)

	2023	2022
Cash flows from financing activities		
Increase in share capital	₩ 2,798,706,655,400	₩ 3,606,516,915,300
Dividends paid	(294,141,077,400)	(837,791,386,450)
Disposal of derivatives	(14,062,649,303)	-
Increase in borrowings	14,833,122,166,161	6,939,389,022,107
Redemption of borrowings	(14,134,931,668,008)	(1,446,661,256,190)
Issuance of bonds payable	9,471,840,528,075	2,533,641,579,723
Redemption of bonds payable	(3,341,892,960,659)	(1,456,275,000,000)
Payment of lease liabilities	(27,793,774,830)	(20,032,828,864)
Net cash flows provided by financing activities	9,290,847,219,436	9,318,787,045,626
Net effect of foreign exchange differences	17,576,337	296,009,812
Net decrease in cash and cash equivalents	(323,656,768,979)	(2,263,193,293,815)
Cash and cash equivalents at the beginning of the period	3,544,882,586,365	5,808,075,880,180
Cash and cash equivalents at the end of the period	3,221,225,817,386	3,544,882,586,365
Government grants	(232,272,992,867)	(230,423,204,216)
Entrusted business funds	(579,893,664,489)	(554,706,481,044)
Net cash and cash equivalents at the end of the period as deducted by government subsidies and etc.	₩ 2,409,059,160,030	₩ 2,759,752,901,105

(Concluded)

See accompanying notes.

KOREA LAND & HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

1. CORPORATE INFORMATION:

(1) The parent company

Korea Land & Housing Corporation (the “Company” or “Parent Company”) and its subsidiaries (the “Group”) were established in accordance with the Korea Land & Housing Corporation Act on October 1, 2009, to facilitate the efficient use of public land and contribute to the growth of the national economy through various development, renovation and management projects in the residential housing industry. As of December 31, 2023, the Group’s headquarter is located at 19, Chungui-ro, JinJu-si, Gyeongsangnam-do, Korea.

Furthermore, the Company, as governed by the Korea Land & Housing Corporation Act, participates in social welfare projects for the acquisition, development, storage and supply of land and construction; management of housing properties; and urban planning and provision for low-income housing.

As of December 31, 2023, the shareholders of the Company and their respective shareholdings are as follows (in millions of Korean won):

	<u>Issued capital</u>	<u>Ownership</u>
Korea Government - Ministry of Strategy and Finance	₩11,206,902	24.1%
Korea Government - Ministry of Land, Infrastructure and Transport	29,576,501	63.7%
Korea Development Bank	4,122,905	8.9%
Korea Exim Bank	1,531,560	3.3%
Total	<u>₩46,437,868</u>	<u>100.0%</u>

(2) Consolidated subsidiaries

Consolidated subsidiaries as of December 31, 2023 are as follows:

	Business	Capital (mil KRW)	Percentage of ownership		Location
			2023	2022	
Korea Housing Management Co., Ltd.	Facility maintenance and leasing	₩15,000	100.0%	100.0%	Jinju, Gyeonsangnam-do
Hannuri Co., Ltd.	Lodging, Energy Sales	12,000	62.5%	62.5%	Chuncheon, Gangwon-do
Gwacheon Development Co., Ltd.	U-Jung Hospital improvement	10,000	51.0%	51.0%	Jinju, Gyeonsangnam-do
LH Facilities Management Co., Ltd.	LH Building maintenance	990	100.0%	100.0%	Jinju, Gyeonsangnam-do
LH Housing Welfare Information Co., Ltd.	Call center operation, maintenance	700	100.0%	100.0%	Seongnam, Gyeonggido
Bichae-nuri Co., Ltd.	Real estate development and supply business	500	100.0%	100.0%	Gurogu, Seoul
Bichae-nuri Development Co., Ltd.	Real estate development and supply business	28,600	100.0%	100.0%	Gurogu, Seoul
LH Primorye, LLC	Industrial complex creation	1,309	100.0%	100.0%	Nadezdinskaya, Russia

Korea Housing Management Co., Ltd. was established to manage, operate, repair and maintain apartment buildings and to be entrusted with the lease of apartment buildings.

Hannuri Co., Ltd. a subsidiary, wholly owns equity ownership in Hannuri Energy and Hannuri Hotel, which were established in July and August 2008, respectively, to operate gas service stations and hotels in the 1st business district of Gaesung Industrial Complex, Gaesung city, North Hwanghae Province.

The business success of Hannuri Co., Ltd. will be largely influenced by domestic and foreign political situations, directly or indirectly. Therefore, the financial statements of the subsidiaries were prepared on the basis of management's estimation of sociopolitical factors. However, the actual outcome may differ from management's estimation and such difference may be material.

Gwacheon Development Co., Ltd. was established in May 2018 for Gwacheon U-Jung Hospital improvement project which has been stopped for a long period of time.

LH Facilities Management Co., Ltd. was established in October 2018 for the purpose of consignment works of facility management, cleaning, security&concierge, cooking etc., to convert part-time workers to full-time workers in accordance with 『Guidelines for the conversion of non- regular employees to full-time workers for public institutions ('17.7.20) 』 issued by the government.

LH Housing Welfare Information Co., Ltd. is a subsidiary company that is operated as a consignment to manage counseling workforces. It is a company that implements overall counseling services, such as rent leasing consultation etc., for My Home Call Center and Defect Counseling Call Center within the Company.

Bichae-nuri Development Co., Ltd. is a project company established temporarily pursuant to Article 51-2 of the Corporate Tax Act in order to construct an alternative correctional facility for the relocation of the Yeongdeungpo correctional facility and to develop the Yeongdeungpo correctional facility site with a plan.

Bichae-nuri Co., Ltd. is an asset management company of Bchaenuri Development Co., Ltd. and carries out tasks related to asset management, investment and disposal, and general affairs, which is entrusted by Bichae-nuri Development Co., Ltd.

LH PRIMORYE, LLC is a company established in 2021 to take charge of the complex creation, attraction of resident companies, and operation management of the 'Primorsky Krai Economic Cooperation Industrial Complex', which is being promoted to support the advancement of Korean SMEs into Russia.

Summarized financial information of consolidated subsidiaries as of and for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023							
	Assets		Liabilities		Revenue		Profit or loss	
Korea Housing Management Co., Ltd.	₩	121,975	₩	102,939	₩	277,294	₩	295
Hannuri Co., Ltd.		17,239		9,038		-		515
Gwacheon Development Co., Ltd.		44,722		30,396		75,765		3,119
LH Facilities Management Co., Ltd.		13,739		10,177		56,964		533
LH Housing Welfare Information Co., Ltd.		15,055		5,927		32,251		3,439
Bichae-nuri Co., Ltd.		757		604		-		-
Bichae-nuri Development Co., Ltd.		28		1,185		-		(703)
LH Primorye, LLC		736		8		-		(213)

	December 31, 2022							
	Assets		Liabilities		Revenue		Profit or loss	
Korea Housing Management Co., Ltd.	₩	128,899	₩	109,241	₩	259,433	₩	1,093
Hannuri Co., Ltd.		16,672		8,986		-		141
Gwacheon Development Co., Ltd.		54,563		43,356		30,366		2,719
LH Facilities Management Co., Ltd.		14,570		11,165		54,449		437
LH Housing Welfare Information Co., Ltd.		13,310		5,945		31,844		4,802
Bichae-nuri Co., Ltd.		757		604		-		(61)
Bichae-nuri Development Co., Ltd.		731		1,186		-		(1,617)
LH Primorye, LLC		1,116		39		-		(256)

(3) Reporting periods of the consolidated financial statements

The financial statements of all subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting periods with the Company's reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of preparation

The Group prepared consolidated financial statements in accordance with the Korean Government Owned and Quasi-Government Accounting Regulations and Standards. If there are no regulations and provisions in Korean Government-Owned and Quasi-Government Accounting Regulations and Standards, the Korean International Financial Reporting Standards (“K-IFRS”) are applied for the preparation of the Group’s consolidated financial statements.

Accounting policies the Group has adopted from Korean Government-owned and Quasi-Government Accounting Regulations and Standards are described below

1) Government grants (Article 44)

Government grants used for the acquisition of certain assets are deducted from the acquisition cost of the acquired assets and such grants are offset against the depreciation expenses of the acquired assets during the useful lives of the assets. Government grants received for consignment management service provided by the Group are recognized as operating income.

2) Residual government grants and Revenue and Expenses Related to Consignment Management Services (Article 44-2)

Government grants to be carried forward, related to essential business, were incurred, and are recognized as a reduction of cash and cash equivalent in accordance with Article 42-2 of the Korean Government Owned and Quasi-Government Accounting Regulations and Standards.

3) Recognition of Revenue and Expenses Related to Consignment Management Services (Article 48).

The Group recognizes funds received from the Ministry of Land, Infrastructure and Transport for consignment management services as revenue and expenses or assets and liabilities as the associated project progresses. The Group does not offset the funds received.

4) Contribution to the Employee Welfare Fund (Article 49)

The Group contributes to the employee welfare fund and contributions are recognized as selling, general and administrative expenses in accordance with the Employee Welfare Fund Act.

5) Reserve Fund for Essential Business (Article 50)

The Group records appropriation for reserve fund for essential business or reversal of the appropriation as disposal in the statements of appropriation of retained earnings.

6) Division Accounting (Article 12)

In accordance with Korea Government-owned and Quasi-Government Accounting Regulation and Standards, the Group prepares journal entries by source of revenue or business purpose, eliminates transactions and unrealized gains or losses among divisions and discloses its performance and financial status by accounting unit in notes.

(2) New and revised standards that have been issued but are not yet effective as of December 31, 2023, and that have not been early applied by the Group are as follows:

1) *Amendments to K-IFRS 1001 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current, Non-current Liabilities with Commitments*

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments are met the definition of equity instruments and recognized separately from the liability. In addition, the classification of liabilities is not affected by commitments to be complied with after the end of the reporting period. However, if a non-current liability with commitments to be complied within 12 months after the reporting period as of the end of the reporting, information on the risk that the liability may be repaid within 12 months after the reporting period must be disclosed. The amendments should be applied for annual reporting periods beginning on or after January 1, 2024, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

2) *Amendments to K-IFRS 1007 'Statement of Cash Flows' and K-IFRS 1107 'Financial Instruments: Disclosures' - Supplier Finance Arrangements*

The amendment adds a disclosure objective to K-IFRS 1007 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, K-IFRS 1107 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk. The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. The Group is on reviewing the impact on the consolidated financial statements from these amendments.

3) *Amendments to K-IFRS 1116 'Leases' - Lease Liability in a Sale and Leaseback*

The amendment to K-IFRS 1116 adds subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in K-IFRS 1115 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments are effective for annual periods beginning on or after January 1, 2024, with earlier application permitted. The Group is on reviewing the impact on the consolidated financial

statements from these amendments.

4) Amendments to K-IFRS 1001 'Presentation of Financial Statements' – 'Disclosure of Virtual Assets'

The amendment to K-IFRS 1001 add additional disclosure requirements required by other standards for transactions related to virtual assets, setting out disclosure requirement for each case of 1) holding virtual assets, 2) holding virtual assets on behalf of customer, and 3) issuing virtual assets. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

- (3) The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2023;

1) Amendments to K-IFRS 1001 'Presentation of Financial Statements' – Disclosure of 'Accounting policy'

The amendments define the term 'material accounting policy information', and develop guidance and examples in IFRS Practice Statement 2 to explain and demonstrate the application of 'materiality'. These amendments do not have a significant impact on the consolidated financial statements.

2) Amendments to K-IFRS 'Presentation of Financial Statements' – Disclosure of gains or losses on valuation of financial liabilities subject to adjustment of exercise price

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as financial liabilities, the carrying amount of the financial liability and related gains and losses shall be disclosed. These amendments do not have a significant impact on the consolidated financial statements.

3) Amendments to K-IFRS 1008 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of 'Accounting Estimates'

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. These amendments do not have a significant impact on the consolidated financial statements.

4) Amendments to K-IFRS 1012 'Income Taxes' – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. These amendments do not have a significant impact on the consolidated financial statements.

5) *Enactment of K-IFRS 1117 'Insurance Contracts'*

The amendments provide a comprehensive new accounting standards for insurance contracts covering recognition and measurement, presentation and disclosure. K-IFRS 1117 replaces K-IFRS 1104 *Insurance Contracts* that was issued in 2005. This standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (refunds due to termination and maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and net insurance income and net investment income are presented separately to enable users of the information to understand the sources of income or expenses. These amendments do not have a significant impact on the consolidated financial statements.

6) *Enactment of K-IFRS 1012 'Income Taxes' – 'International Tax Reform—Pillar Two Model Rules'*

The amendment clarifies that the standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred income taxes in K-IFRS 1012, so that an entity would neither recognize nor disclose information about deferred income tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the company is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes. There is no significant impact of the amendments on the consolidated financial statements.

(4) Subsidiaries and associates

The financial statements of the Group are the separate financial statements prepared in accordance with K-IFRS 1027 Separate Financial Statements, where an investor of a parent or a related company recognizes investments in the financial statements per direct equity investment, not based on performance and net assets reported by the investee. Investments in subsidiaries and associates are recognized at cost under the direct equity method in accordance with K-IFRS 1027. Dividends from subsidiaries and associates are recognized in profit or loss when the right to receive dividends is determined.

(5) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value, less costs to sell.

(6) Revenue recognition

The Group has applied K-IFRS 1115, 'Revenue from contracts with customers', effective from January 1, 2018. In accordance with K-IFRS 1115, all types of contracts recognize revenues by the 5-step revenue recognition model: 1) identification of contract → 2) identification of performance obligations → 3) calculation of transaction price → 4) allocation of transaction price to performance obligations → 5) recognition of revenue when performance obligation is implemented. Revenue is recognized based on the consideration set by the contract with the customer, excluding the amounts collected on behalf of the third party. In addition, the Group recognizes revenue when the goods or services are transferred to the customer.

a) Identification of performance obligations

In the case of some construction contracts executed by the Group, design, purchase and construction are provided through separate service agreements. When significant services that consolidate each good or services are provided or goods or services are highly interdependent or highly correlated, both the goods and services agreed in each contract should be considered as a single performance obligation.

The Group assesses that each service contract provide a combination of deliverables as a whole and, accordingly, considers them as a single performance obligation.

b) Obligation to perform over the time : proprietary constructions for sale

The Group recognizes revenues from proprietary constructions for sale using the percentage-of-completion method in accordance with the KASB 2017-I-KQA015 and the accounting treatment is effective only for K-IFRS as stipulated in Article 13 (1) (1) of the Act on External Audit of Stock Companies.

c) Variable consideration

The Group estimates the amounts of consideration depending on which method the entity expects to better predict the amount of consideration to which it will be entitled the expected value or the most likely amount. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur in the future periods. Amounts that the Company does not anticipate to have right out of the considerations received or to be received are recognized as a refundable liability.

d) Allocation of the transaction price

The Group allocates transaction prices based on the relative individual selling prices to the various performance obligations identified in a single contract. The Group uses a market appraisal adjustment approach to estimate individual selling prices of the various performance obligations and, exceptionally, uses an anticipated cost-benefit appraisal approach, such as anticipating the expected costs for each transaction and adding appropriate profits, for certain transactions.

(7) Lease

The lessor classifies the lease contract as an operating lease or a financial lease depending on the substance of the transaction, and accounting differs according to the classification.

The lessee applies a single model in which the assets and liabilities of all lease agreements are recognized in the financial statements, unless exemptions for short-term leases and leases of low-value assets apply.

For a contract that is, or contains, a lease, both lessee and lessor account for each lease component within the contract as a lease separately from non-lease components of the contract. In lessee accounting, however, the Group does not account for them separately but instead applies the practical expedient to account for each lease component and any associated non-lease components as a single lease component.

The lessee applies a single method of recognition and measurement for all leases with a lease term exceeding 12 months and an underlying asset not being low-valued. The Group recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments at the commencement date of the lease.

-Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a

change in the assessment of an option to purchase the underlying asset.

-Short-term leases and leases of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(8) Foreign currency translation

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (“the functional currency”). The consolidated financial statements are presented in ‘Korean won,’ which is the Group’s functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at each reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of comprehensive income, except for qualifying cash flow hedges that are recognized in other comprehensive income (‘OCI’). Changes in fair value of available-for-sale (‘AFS’) financial assets denominated in foreign currency are classified as either changes in amortization cost or other changes in book value of marketable securities. Translation differences due to changes in amortization cost are reflected in current operation, whereas those due to other changes in book value of marketable securities are recognized in other components of equity. Translation differences in financial assets at fair value through profit or loss (‘FVPL’) are reflected in current operation, whereas those in AFS financial assets are recorded in equity.

(9) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale and are capitalized as part of the cost of the respective assets. A qualifying asset is an asset that requires a significant period of time before it can be used or sold for its intended use.

The temporary investment returns on borrowings to acquire qualifying assets are deducted from capitalizable borrowing costs. All other borrowing costs are expensed in the period they occur.

(10) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. In case where the Group receives loans with interest rate lower than market rate, benefits from lower interest rate shall be recognized as government grants. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined by using market interest rate and the fair value of proceeds received. Where the grant relates to an asset, it is recognized as a deduction of such asset and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to a revenue item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Compensation for expenses or losses incurred in a previous period or receiving immediate financial support to the Group rather than as an incentive to undertake specific expenditures are recognized in profit of the period in which it becomes receivable.

(11) Defined benefit liabilities

The Group operates a defined benefit plan, under which amount to be paid as retirement benefits is determined by reference to a formula based on employee's earning and years of service. The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past-service costs and actuarial gains and losses not yet recognized, less the fair value of plan assets out of which the obligations are to be settled. The Group uses the projected-unit-credit method to determine the present value of its defined benefit obligations and the related current-service cost. The discount rate used in calculating the present value of defined benefit obligations is determined by reference to market yields at the end of the reporting period on high quality corporate bonds of a term consistent with the term of the post-employment benefit obligations. The past-service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested immediately following the introduction of, or changes to, a defined benefit plan, past-service costs are recognized immediately. Actuarial gains and losses result from increases or decreases in either the present value of a defined benefit obligation or the fair value of plan assets. The Group recognizes the actuarial gains and losses in the period in which they occur in OCI. The actuarial gains and losses recognized in OCI are recognized immediately in retained earnings.

(12) Income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized on the profit for the period in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the tax is also recognized in other comprehensive income or directly in equity, respectively. Deferred income tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts applying the asset-liability method. Deferred income tax is recognized using tax rates and tax laws that have been enacted or substantially enacted at the end of each reporting period expected to be applied when the related deferred income tax assets are realized and the deferred income tax liabilities are settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. A deferred income tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, a deferred income tax asset is recognized for deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(13) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of comprehensive income as incurred.

The amount of the acquisition cost after deducting residual value of the property plant and equipment, except for land, is depreciated on a straight-line basis over the estimated useful life of the asset as follows:

Description	Useful lives	Description	Useful lives
Buildings	50 years	Vehicles	5 years
Structures	20 years	Furniture and fixtures	5 years
Machinery	20 years	Tools and equipment	5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of comprehensive income when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate. The assets' residual values, useful lives and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(14) Investment properties

The real estate to obtain rental income or capital appreciation is classified as investment properties. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of investment properties are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the investment properties as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of comprehensive income as incurred. Land is not depreciated. Investment properties, except for land, are depreciated on a straight-line basis over the estimated useful life of 50 years. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate. Such a change is accounted for as a change in an accounting estimate. An item of investment properties and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statements of comprehensive income when the asset is derecognized.

(15) Intangible assets

Intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Intangible assets with indefinite useful lives such as membership are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit ("CGU") level. Other intangible assets with definite useful lives are amortized over 5–10 years using the straight-line method.

(16) Impairment of non-financial assets (except goodwill)

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset to determine the extent of the impairment loss. Recoverable amount is the higher of fair value, less costs to sell and value in use.

The Group estimates the recoverable amount of each asset, and, when the recoverable amount of an individual asset cannot be estimated, estimates the recoverable amount of the cash-generating unit to which the asset belongs. The shared assets are allocated to individual cash-generating units according to reasonable and consistent allocation criteria, and, if they cannot be allocated to individual cash-generating units, they are allocated to the lowest levels of cash-generating units for which there are separately identifiable cash flows according to reasonable and consistent allocation criteria. Intangible assets with an indefinite useful life or intangible assets that are not yet available are tested for impairment annually, regardless of any indication of impairment.

The recoverable amount is measured as the greater of the net fair value and the value in use of an individual asset or cash-generating unit. And, if the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to the recoverable amount and the reduced amount is recognized in profit or loss. When reversing an impairment loss recognized in the past period, the carrying amount of the individual asset (or cash-generating unit) is determined as the smaller of the amended recoverable amount and the carrying amount currently recorded if the impairment loss was not recognized in the past period. Reversal of the impairment loss is recognized immediately in profit or loss.

(17) Inventories

Inventories are valued at the lower of cost or net realizable value with. The cost being of raw materials is determined using the identified weighted average method and the cost of supplies is determined using the moving average method and the cost of material in transit is determined using the moving specific identification method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The Group recorded valuation allowance on a periodic basis, when significant changes with an adverse effect (an oversupply, an obsolete or decline in the price of goods) on the entity have taken place during the period or will take place in the near future or when loss from inventory valuation is recognized as cost of sales.

(18) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. A contingent liability is disclosed, but not recognized when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

1) Onerous contracts

The Group measures current obligation from onerous contracts as provision. Onerous contract is defined as a contract when unavoidable cost is expected to exceed the amount which is expected from the contract.

2) Warranty provision

Warranty provision is the best estimation of necessary cost to perform obligation as of the selling date.

3) Employee performance incentive

The Group has calculated and paid the performance incentive based on the result of annual evaluation, which was performed by the Ministry of Strategy and Finance. This performance incentive is estimated in accordance with K-IFRS 1037 and is recorded in current employee benefit provision.

(19) Financial assets

1) Classification

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

- Those to be measured subsequently at fair value through profit or loss
- Those to be measured subsequently at fair value through other comprehensive income
- Those to be measured at amortized cost

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

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of the investments in equity instruments that are not accounted for as other comprehensive income are recognized in profit or loss.

2) Measurement

At initial recognition, the Group measures a financial asset, in the case of a financial asset not at fair value through profit or loss, at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Hybrid (combined) contracts with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

a) Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

i) Financial assets measured at amortized cost ("AC")

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

ii) Financial assets measured at fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income or costs' and impairment losses are presented in 'financial expenses'.

iii) Financial assets measured at FVPL

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is

subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit or loss within 'finance income and costs' in the year in which it arises.

b) Equity Instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to retained earnings. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'Finance income or costs' in the statement of profit or loss as applicable. Impairment losses (reversal of impairment loss) for equity instruments which are measured at fair value through other comprehensive income are not separately recognized.

3) Impairment of financial assets

In relation to the impairment of financial assets, K-IFRS 1109 requires an expected credit loss model as opposed to an incurred credit loss model under K-IFRS 1039. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, K-IFRS 1109 requires the Group to recognize a loss allowance for expected credit losses on:

- i) Debt investments measured subsequently at amortized cost or at FVOCI,
- ii) Lease receivables,
- iii) Trade receivables and contract assets, and
- iv) Financial guarantee contracts to which the impairment requirements of K-IFRS 1109 apply.

In particular, K-IFRS 1109 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. K-IFRS 1109 also allows a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

a) Trade Receivables

The Group applies the simplified method for trade receivables, which uses the whole-period expected

credit loss for all receivables.

b) Debt Instruments

Debt Instruments measured at amortized cost or FVOCI are considered to have low credit risk and allowance for doubtful accounts is recognized for a two-month period expected credit loss.

4) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(20) Financial liabilities and equity instruments

1) Classification of financial liabilities and equity instruments

Debt instruments and equity instruments issued by the Group are recognized as financial liabilities or equity depending on the contract and the definitions of financial liability and 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) Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in

equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium.

Transaction costs that relate to the issue of the convertible notes are allocated to liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

The Group classifies hybrid/combined financial instruments (convertible bonds) as financial liabilities and equity according to the substance of the contract and the definition of financial liabilities and equity instruments. Conversion options to be settled through the exchange of financial assets, such as fixed amounts of cash for fixed quantity of own equity instruments, are equity instruments.

4) Financial liabilities

Financial liabilities are classified into "Financial liabilities at FVPL" and "Other financial liabilities".

5) Financial liabilities at FVPL

One of the major changes in the classification and measurement of financial liabilities as a result of the adoption of K-IFRS 1109 is the accounting for changes in the fair value of financial liabilities measured at fair value through profit or loss as a result of changes in issuer's credit risk. The Group recognizes as other comprehensive income the changes in the fair values that are caused by changes in the credit risk of the related financial liabilities, except when the effect of the change in the credit risk of the financial liabilities classified as FVOCI may cause or expand accounting inconsistencies in profit or loss. The changes in fair values due to the credit risk of financial liabilities are not subsequently reclassified to profit or loss, but are replaced with retained earnings when the financial liabilities are removed. According to the previous K-IFRS 1039, all changes in fair values of financial liabilities classified as financial liabilities measured at fair value through profit or loss have been presented in profit or loss.

The Group does not have any non-derivative financial liabilities that are classified as financial liabilities at fair value through profit or loss. Therefore, the adoption of K-IFRS 1109 does not have a significant effect on the classification and measurement of financial liabilities of the Group.

6) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses are recognized using the effective interest method. Other financial liabilities are measured initially at fair value, net of transaction costs.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expenses over the relevant period. The effective interest rate is the interest rate that exactly matches the present value of expected future cash payments amounts over the expected life of the financial liabilities or over less period (where appropriate), with the net carrying amounts at initial recognition.

7) Financial guarantee liability

Financial guarantee liabilities are measured initially at fair value and subsequently measured at the greater of the following, unless they are designated as at fair value through profit or loss or arising from the transfer of assets.

- Loss provision calculated in accordance with Impairment of financial assets standard
- The amounts recognized less the accumulated profits recognized in accordance with K-IFRS 1115

8) Derecognition of financial liabilities

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

(21) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

1) Embedded derivatives

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of K-IFRS 1109 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVPL.

2) Hedging accounting

The new general hedge accounting model maintains three types of hedge accounting. However, we are adopting more flexibility in the types of transactions that qualify for hedge accounting and are expanding the types of hedging instruments and risk factors for non-financial items that qualify for hedge accounting. In addition, the standards related to hedging effectiveness assessment as a whole were amended and the "economic relationship" principle between the hedged item and the hedging instruments are applied. Retrospective assessment of the hedging effectiveness is no longer required.

3) Fair value hedges

The Group recognizes the changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Changes in the fair value of the hedging instruments and changes in the fair value of the hedged items attributable to the hedged risk are recognized as profit or loss. Changes in the fair value of the hedging instruments and the hedged items of the equity instruments that elect to recognize the change in fair value at initial recognition as other comprehensive income are recognized in other comprehensive income.

If the hedging relationship no longer meets the requirements for hedge effectiveness related to the hedge ratio but the objectives of risk management for the designated hedge relationship remain the same, the risk hedge ratio of the hedging relationship should be adjusted. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it is no longer qualified for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

4) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'finance income and costs' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

5) Hedges of net investments in foreign operations

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI, while any gains or losses relating to the ineffective portion are recognized in the consolidated statements of comprehensive income. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statements of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS:

The Group makes assumptions and estimations concerning the future. Assumptions and estimations are verified continuously based on the past experience and reasonably expected future event. This accounting estimation, however, could be different from actual result. Assumptions and estimations for significant risks, which may cause adjustment to the carrying amounts of assets and liabilities, are as follows.

(1) Taxes

The Group recognized the effect of income tax expected to be burdened in the future in consequence of the business operation as current tax and deferred income tax through the best estimation process. However, there could be the difference in actual tax to be burdened in the future and the related asset and liability recognized and this difference could affect the current tax and deferred income tax asset and liability at the point when the final effect of income tax is settled.

(2) Fair value of financial instruments

The fair value of financial instruments that does not trade in active market is principally decided using valuation method. The Group selects various valuation methods and makes a judgment about assumption based on key market circumstances as of the end of each reporting period.

(3) Impairment of financial assets

The provision for impairment of financial assets is based on assumptions about risk of default and expected loss rates. Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past experience and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

(4) Provisions

End of the reporting period, the Group currently has reserves on returned goods, estimated amount and quality warranty repair. These provisions are determined based on the estimation that is based on past experience.

(5) Pension benefits

The present value of the defined benefit pension can change depending on various factors determined using actuarial valuations. Assumptions to determine pension cost (profit) include discount rate where changes in assumptions will lead changes in present value of the defined benefit pension. The Group has determined discount rate at every year-end, which is defined as interest rate used to decide present value of expected future cash outflow. The Group determines discount rate considering discount rate of outstanding corporate bond, which has similar maturity as that of pension obligation. Other assumptions related with pension obligation are based on market circumstance.

4. SEGMENT INFORMATION:

(1) Details of the Group's reportable segments are as follows:

The strategic steering executive is the Group's chief operating decision maker. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessments. Segment performance is evaluated based on operating profit or loss. The Group has one reportable operating segment.

(2) The reportable segment revenue and operating profit for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	Total segment revenue	Revenue for external customers	Total segment operating profit	Depreciation and amortization
<u>2023</u>	₩ 13,883,972	₩ 13,883,972	₩ 43,672	₩ 1,516,778
<u>2022</u>	₩ 19,626,291	₩ 19,626,291	₩ 1,812,839	₩ 1,377,935

(3) Reportable segment assets and liabilities as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	Reportable segment asset (*1)	Investments in associates	Additions to non- current assets (*2)	Reportable segment liabilities (*1)
<u>December 31, 2023</u>	₩222,856,889	₩ 291,321	₩120,763,633	₩152,847,320
<u>December 31, 2022</u>	₩213,648,841	₩ 342,045	₩114,973,838	₩146,617,199

(*1) The reportable segment assets and liabilities reported to the strategic steering executive are measured in a consistent manner with that in the consolidated financial statements.

(*2) Additions to non-current assets exclude amounts arising from financial instruments, trade and other receivables, equity investments and deferred income tax asset.

(4) Major customers

The Group has no customer where sales represent 10% or more of the Group's total sales for the years ended December 31, 2023 and 2022.

5. DIVISION ACCOUNTING:

(1) Details of divisional performance for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

1) Details of divisional performance according to separate accounting for loss compensation business and other businesses for the years ended December 31, 2023 and 2022, are as follows (in millions of Korean won) :

	December 31, 2023							
	Loss compensation businesses					Other businesses		Total
	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	
Revenue	₩6,551,090	₩ 298,721	₩ 1,591,593	₩ 148,274	₩ 20,327	₩ 121,163	₩ 5,152,804	₩ 13,883,972
Cost of sales	4,887,828	218,455	3,848,070	676,580	(40,447)	117,146	3,547,533	13,255,165
Gross profit (loss)	1,663,262	80,266	(2,256,477)	(528,306)	60,774	4,017	1,605,271	628,807
Selling and administrative expenses	237,509	9,075	220,492	7,516	-	4,244	106,299	585,135
Operating profit (loss)	1,425,753	71,191	(2,476,969)	(535,822)	60,774	(227)	1,498,972	43,672
Other incomes	205,396	18,262	8,399	23,545	3,267	-	1,788,590	2,047,459
Other expenses	25,915	4,656	-	2,703	2,176	206	544,953	580,609
Others	(6,902)	(1,128)	6,725	-	-	-	(2,894)	(4,199)
Finance incomes	124,024	1,019	4	690	125	1,724	340,962	468,548
Finance costs	(52,055)	40,841	683,292	61,570	(15,705)	22,398	294,358	1,034,699
Equity method affiliated companies loss	-	-	-	-	-	-	(43,915)	(43,915)
Profit (loss) before income tax expense (benefit)	1,774,411	43,847	(3,145,133)	(575,860)	77,695	(21,107)	2,742,404	896,257
Income tax expense (benefit)	744,366	18,394	(1,319,384)	(241,573)	32,593	(8,854)	1,154,882	380,424
Profit (loss)	1,030,045	25,453	(1,825,749)	(334,287)	45,102	(12,253)	1,587,522	515,833
Other comprehensive income (loss)	-	-	-	-	-	-	(42,471)	(42,471)
Total comprehensive income (loss)	₩ 1,030,045	₩ 25,453	₩ (1,825,749)	₩ (334,287)	₩ 45,102	₩ (12,253)	₩ 1,545,051	₩ 473,362

December 31, 2022								
	Loss compensation businesses					Other businesses		Total
	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	
Revenue	₩7,624,308	₩ 482,688	₩ 1,490,925	₩ 120,828	₩ 106,192	₩ 220,988	₩9,580,362	₩19,626,291
Cost of sales	5,653,348	409,475	3,455,795	596,453	70,473	214,181	6,794,831	17,194,556
Gross profit (loss)	1,970,960	73,213	(1,964,870)	(475,625)	35,719	6,807	2,785,531	2,431,735
Selling and administrative expenses	287,459	14,528	156,994	10,733	-	5,773	143,409	618,896
Operating profit (loss)	1,683,501	58,685	(2,121,864)	(486,358)	35,719	1,034	2,642,122	1,812,839
Other incomes	24,819	4,569	6,512	2,371	2,570	-	987,570	1,028,411
Other expenses	6,186	1,041	-	818	1,244	92	411,263	420,644
Others	(23,672)	(1,108)	(4,943)	-	-	(1)	(8,163)	(37,887)
Finance incomes	91,760	788	5	2,055	388	1,289	285,399	381,684
Finance costs	(154,214)	28,015	516,547	73,306	(15,784)	13,959	251,615	713,444
Equity method affiliated companies loss	-	-	-	-	-	-	(52,863)	(52,863)
Profit (loss) before income tax expense (benefit)	1,924,436	33,878	(2,636,837)	(556,056)	53,217	(11,729)	3,191,187	1,998,096
Income tax expense (benefit)	544,808	9,591	(746,489)	(157,420)	15,066	(3,320)	903,140	565,376
Profit (loss)	1,379,628	2,4287	(1,890,348)	(398,636)	38,151	(8,409)	2,288,047	1,432,720
Other comprehensive income (loss)	-	-	-	-	-	-	68,545	68,545
Total comprehensive income (loss)	₩1,379,628	₩ 24,287	₩(1,890,348)	₩(398,636)	₩38,151	₩ (8,409)	₩2,356,592	₩1,501,265

- 2) Details of divisional performance according to separate accounting for public rental housing business and other businesses for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won) :

	2023					
	Public rental housing business		Others		Total	
Revenue	₩	2,188,079	₩	11,695,893	₩	13,883,972
Cost of sales		4,194,091		9,061,074		13,255,165
Gross profit		(2,006,012)		2,634,819		628,807
Selling and administrative expenses		297,136		287,999		585,135
Operating profit		(2,303,148)		2,346,820		43,672
Other incomes		44,982		2,002,477		2,047,459
Other expenses		31		580,578		580,609
Others		6,726		(10,925)		(4,199)
Finance incomes		88,639		379,909		468,548
Finance costs		667,568		367,131		1,034,699
Equity method affiliated companies loss		-		(43,915)		(43,915)
Profit (loss) before income tax expense (benefit)		(2,830,400)		3,726,657		896,257
Income tax expense (benefit)		(1,187,353)		1,567,777		380,424
Profit (loss)		(1,643,047)		2,158,880		515,833
Other comprehensive income (loss)		-		(42,471)		(42,471)
Total comprehensive income (loss)	₩	(1,643,047)	₩	2,116,409	₩	473,362

	2022					
	Public rental housing business		Others		Total	
Revenue	₩	3,693,969	₩	15,932,322	₩	19,626,291
Cost of sales		4,790,550		12,404,006		17,194,556
Gross profit		(1,096,581)		3,528,316		2,431,735
Selling and administrative expenses		241,002		377,894		618,896
Operating profit		(1,337,583)		3,150,422		1,812,839
Other incomes		8,344		1,020,067		1,028,411
Other expenses		-		420,644		420,644
Others		(4,942)		(32,945)		(37,887)
Finance incomes		60,914		320,770		381,684
Finance costs		561,671		151,773		713,444
Equity method affiliated companies loss		-		(52,863)		(52,863)
Profit (loss) before income tax expense (benefit)		(1,834,938)		3,833,034		1,998,096
Income tax expense (benefit)		(519,471)		1,084,847		565,376
Profit (loss)		(1,315,467)		2,748,187		1,432,720
Other comprehensive income (loss)		-		68,545		68,545
Total comprehensive income (loss)	₩	(1,315,467)	₩	2,816,732	₩	1,501,265

(2) Details of divisional assets and liabilities as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

1) Details of divisional assets and liabilities according to separate accounting for loss compensation business and other businesses as of December 31, 2023 and 2022 are as follows :

	December 31, 2023							
	Loss compensation businesses					Other businesses		Total
	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	
<u>Current assets</u>	₩ 42,840,105	₩ 5,352,124	₩ 153,868	₩ 3,115,701	₩ 388,271	₩ 763,637	₩ 43,662,286	₩ 96,275,992
Cash and cash equivalents	-	-	4	-	-	-	2,409,055	2,409,059
Current financial assets	6	-	-	-	-	-	3,998,350	3,998,356
Trade and other receivables	746,580	16,572	142,715	56,104	3,063	27,447	789,690	1,782,171
Inventories	41,426,800	5,325,600	44	3,050,335	382,750	736,077	32,366,520	83,288,126
Current non-financial assets	666,719	9,952	11,105	9,262	2,458	113	3,946,646	4,646,255
Assets classified as held-for-sale	-	-	-	-	-	-	152,025	152,025
<u>Non-current assets</u>	12,702,440	1,105,024	107,388,339	3,928	2,505	136,263	5,242,398	126,580,897
Non-current financial assets	230,175	-	722	-	-	-	1,101,026	1,331,923
Trade and other receivables	2,876,999	8,291	32,958	-	2,505	136,263	440,529	3,497,545
Property, plant and equipment	5,537	-	-	-	-	-	1,255,315	1,260,852
Investment properties	9,589,729	1,096,733	107,354,659	3,928	-	-	1,389,431	119,434,480
Intangible assets excluding goodwill	-	-	-	-	-	-	62,442	62,442
Investments in associates	-	-	-	-	-	-	291,321	291,321
Defined benefit assets	-	-	-	-	-	-	1,960	1,960
Deferred income tax assets	-	-	-	-	-	-	694,515	694,515
Non-current non-financial assets	-	-	-	-	-	-	5,859	5,859
Total assets	₩ 55,542,545	₩ 6,457,148	₩ 107,542,207	₩ 3,119,629	₩ 390,776	₩ 899,900	₩ 48,904,684	₩ 222,856,889
<u>Current liabilities</u>	16,191,045	1,319,335	16,348,785	553,597	312,123	9,092	25,978,271	60,712,248
Trade and other payables	3,799,871	38,718	14,613,937	3,215	30	4,604	795,162	19,255,537
Current financial liabilities	373,528	6,871	52,259	-	-	-	6,232,719	6,665,377
Current income tax liabilities	-	-	-	-	-	-	30,792	30,792
Current non-financial liabilities	8,368,532	689,359	178,807	544,575	36,780	924	9,599,770	19,418,747
Current portion of provisions	3,649,114	584,387	1,503,782	5,807	275,313	3,564	9,319,828	15,341,795
<u>Non-current liabilities</u>	20,750,427	3,650,711	73,199,829	2,420,691	(548,767)	891,179	(8,228,998)	92,135,072
Trade and other payables	18,404	11,770	8,852,647	801	-	-	617,057	9,500,679
Non-current financial liabilities	20,678,416	3,638,120	64,312,283	2,418,228	(548,826)	888,300	(9,670,088)	81,716,433
Non-current non-financial liabilities	16,042	-	32,964	-	-	-	66,743	115,749
Defined benefit liabilities	-	-	-	-	-	2,879	455,131	458,010
Non-current provisions	37,565	821	1,935	1,662	59	-	302,159	344,201
Total liabilities	₩ 36,941,472	₩ 4,970,046	₩ 89,548,614	₩ 2,974,288	₩ (236,644)	₩ 900,271	₩ 17,749,273	₩ 152,847,320
Issued capital	18,601,073	1,487,102	17,993,593	145,341	627,420	(371)	31,145,316	69,999,474
Retained earnings	5,268,362	996,908	24,855,603	(41,729)	(15,507)	-	15,360,684	46,424,321
Other components of equity	13,332,711	490,194	(6,862,010)	187,070	642,927	(371)	15,771,854	23,562,375
Equity attributable to the shareholders of the parent	-	-	-	-	-	-	12,778	12,778
Non-controlling interests	-	-	-	-	-	-	10,095	10,095
Total equity	₩ 18,601,073	₩ 1,487,102	₩ 17,993,593	₩ 145,341	₩ 627,420	₩ (371)	₩ 31,155,411	₩ 70,009,569

December 31, 2022

	Loss compensation businesses					Other businesses		Total
	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	
<u>Current assets</u>	W36,306,471	W5,095,680	W139,569	W3,354,208	W 400,318	W 575,615	W45,040,031	W 90,911,892
Cash and cash equivalents	-	-	416	-	-	-	2,759,337	2,759,753
Current financial assets	16	-	-	-	-	-	4,697,513	4,697,529
Trade and other receivables	561,565	5,637	129,455	95,271	2,209	18,827	323,677	1,136,641
Inventories	35,093,697	5,082,147	44	3,250,265	398,000	556,788	33,238,092	77,619,033
Current non-financial assets	651,193	7,896	9,654	8,672	109	-	3,869,387	4,546,911
Assets classified as held-for-sale	-	-	-	-	-	-	152,025	152,025
<u>Non-current assets</u>	14,524,934	1,078,304	100,270,700	117,769	-	113,126	6,632,116	122,736,949
Non-current financial assets	564,230	-	(8,269)	(2)	-	-	1,685,848	2,241,807
Trade and other receivables	3,142,624	9,244	26,775	-	-	113,126	539,117	3,830,886
Property, plant and equipment	508	-	-	-	-	-	1,292,047	1,292,555
Investment properties	10,817,572	1,069,060	100,252,194	117,771	-	-	1,353,137	113,609,734
Intangible assets excluding goodwill	-	-	-	-	-	-	65,790	65,790
Investments in associates	-	-	-	-	-	-	342,045	342,045
Defined benefit assets	-	-	-	-	-	-	2,983	2,983
Deferred income tax assets	-	-	-	-	-	-	1,345,389	1,345,389
Non-current non-financial assets	-	-	-	-	-	-	5,760	5,760
Total assets	W50,831,405	W6,173,984	W100,410,269	W3,471,977	W 400,318	W 688,741	W51,672,147	W213,648,841
<u>Current liabilities</u>	14,822,363	1,327,072	14,233,152	577,542	363,241	7,689	27,639,610	58,970,669
Trade and other payables	3,854,684	58,001	12,547,917	5,018	39	2,695	783,329	17,251,683
Current financial liabilities	432,615	51,879	54,384	-	-	-	5,761,269	6,300,147
Current income tax liabilities	-	-	-	-	-	-	431,115	431,115
Current non-financial liabilities	6,835,824	620,063	147,988	566,728	36,762	890	10,736,385	18,944,640
Current portion of provisions	3,699,240	597,129	1,482,863	5,796	326,440	4,104	9,927,512	16,043,084
<u>Non-current liabilities</u>	17,747,022	3,380,418	68,255,161	2,494,485	(552,871)	670,852	(4,348,537)	87,646,530
Trade and other payables	6,018	14,852	10,904,313	679	-	-	519,355	11,445,217
Non-current financial liabilities	17,676,403	3,364,744	57,317,219	2,492,155	(552,988)	668,094	(5,578,723)	75,386,904
Non-current non-financial liabilities	18,596	-	32,174	-	-	-	65,543	116,313
Defined benefit liabilities	-	-	-	-	-	2,738	435,738	438,476
Non-current provisions	46,005	822	1,455	1,651	117	20	209,550	259,620
Total liabilities	W32,569,385	W4,707,490	W82,488,313	W3,072,027	W (189,630)	W 67,8541	W23,291,073	W146,617,199
Issued capital	5,610,181	996,908	23,408,584	(41,728)	(15,508)	-	13,647,497	43,605,934
Retained earnings	12,651,839	469,586	(5,486,628)	44,1678	60,5456	10,200	14,674,825	23,366,956
Other components of equity	-	-	-	-	-	-	50,378	50,378
Equity attributable to the shareholders of the parent	18,262,020	1,466,494	17,921,956	399,950	589,948	10,200	28,372,700	67,023,268
Non-controlling interests	-	-	-	-	-	-	8,374	8,374
Total equity	W18,262,020	W1,466,494	W17,921,956	W 399,950	W 589,948	W 10,200	W28,381,074	W 67,031,642

- 2) Details of divisional assets and liabilities according to consolidated accounting for public rental housing and other businesses as of December 31, 2023 and 2022 are as follows :

	December 31, 2023		
	Public rental housing business	Others	Total
<u>Current assets</u>	₩ 641,247	₩ 95,634,745	₩ 96,275,992
Cash and cash equivalents	4	2,409,055	2,409,059
Current financial assets	6	3,998,350	3,998,356
Trade and other receivables	195,758	1,586,413	1,782,171
Inventories	411,987	82,876,139	83,288,126
Current non-financial assets	33,492	4,612,763	4,646,255
Assets classified as held-for-sale	-	152,025	152,025
<u>Non-current assets</u>	119,723,378	6,857,519	126,580,897
Non-current financial assets	133,528	1,198,395	1,331,923
Trade and other receivables	2,843,116	654,429	3,497,545
Property, plant and equipment	-	1,260,852	1,260,852
Investment properties	116,746,734	2,687,746	119,434,480
Intangible assets excluding goodwill	-	62,442	62,442
Investments in associates	-	291,321	291,321
Defined benefit assets	-	1,960	1,960
Deferred income tax assets	-	694,515	694,515
Non-current non-financial assets	-	5,859	5,859
Total assets	₩ 120,364,625	₩ 102,492,264	₩ 222,856,889
<u>Current liabilities</u>	18,549,797	42,162,451	60,712,248
Trade and other payables	16,217,247	3,038,290	19,255,537
Current financial liabilities	162,026	6,503,351	6,665,377
Current income tax liabilities	-	30,792	30,792
Current non-financial liabilities	291,493	19,127,254	19,418,747
Current portion of provisions	1,879,031	13,462,764	15,341,795
<u>Non-current liabilities</u>	76,248,272	15,886,800	92,135,072
Trade and other payables	8,851,103	649,576	9,500,679
Non-current financial liabilities	67,354,823	14,361,610	81,716,433
Non-current non-financial liabilities	37,941	77,808	115,749
Defined benefit liabilities	-	458,010	458,010
Non-current provisions	4,405	339,796	344,201
Total liabilities	₩ 94,798,069	₩ 58,049,251	₩ 152,847,320
Issued capital	25,566,556	44,432,918	69,999,474
Retained earnings	28,982,129	17,442,192	46,424,321
Other components of equity	(3,415,573)	26,977,948	23,562,375
Equity attributable to the shareholders of the parent	-	12,778	12,778
Non-controlling interests	-	10,095	10,095
Total equity	₩ 25,566,556	₩ 44,443,013	₩ 70,009,569

December 31, 2022					
	Public rental housing business		Others		Total
<u>Current assets</u>	₩	541,456	₩	90,370,436	₩ 90,911,892
Cash and cash equivalents		416		2,759,337	2,759,753
Current financial assets		16		4,697,513	4,697,529
Trade and other receivables		156,110		980,531	1,136,641
Inventories		358,511		77,260,522	77,619,033
Current non-financial assets		26,403		4,520,508	4,546,911
Assets classified as held-for-sale		-		152,025	152,025
<u>Non-current assets</u>		113,907,630		8,829,319	122,736,949
Non-current financial assets		146,876		2,094,931	2,241,807
Trade and other receivables		2,872,353		958,533	3,830,886
Property, plant and equipment		-		1,292,555	1,292,555
Investment properties		110,888,401		2,721,333	113,609,734
Intangible assets excluding goodwill		-		65,790	65,790
Investments in associates		-		342,045	342,045
Defined benefit assets		-		2,983	2,983
Deferred income tax assets		-		1,345,389	1,345,389
Non-current non-financial assets		-		5,760	5,760
Total assets	₩	114,449,086	₩	99,199,755	₩ 213,648,841
<u>Current liabilities</u>		15,889,783		43,080,886	58,970,669
Trade and other payables		13,604,627		3,647,056	17,251,683
Current financial liabilities		153,766		6,146,381	6,300,147
Current income tax liabilities		-		431,115	431,115
Current non-financial liabilities		234,736		18,709,904	18,944,640
Current portion of provisions		1,896,654		14,146,430	16,043,084
<u>Non-current liabilities</u>		72,728,438		14,918,092	87,646,530
Trade and other payables		10,900,460		544,757	11,445,217
Non-current financial liabilities		61,784,536		13,602,368	75,386,904
Non-current non-financial liabilities		36,859		79,454	116,313
Defined benefit liabilities		-		438,476	438,476
Non-current provisions		6,583		253,037	259,620
Total liabilities	₩	88,618,221	₩	57,998,978	₩ 146,617,199
Issued capital		27,866,442		15,739,492	43,605,934
Retained earnings		(2,035,577)		25,402,533	23,366,956
Other components of equity		-		50,378	50,378
Equity attributable to the shareholders of the parent		25,830,865		41,192,403	67,023,268
Non-controlling interests		-		8,374	8,374
Total equity	₩	25,830,865	₩	41,200,777	₩ 67,031,642

6. CASH AND CASH EQUIVALENTS:

Details of cash and cash equivalents as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other demand deposits	₩ 2,465,027	₩ 2,267,987
Short-term investments classified as a cash equivalents	756,199	1,276,895
Less: Government grants	(232,273)	(230,423)
Less: Entrusted business funds - cash	<u>(579,894)</u>	<u>(554,706)</u>
Total	<u>₩ 2,409,059</u>	<u>₩ 2,759,753</u>

7. RESTRICTED CASH AND CASH EQUIVALENTS AND FINANCIAL ASSETS:

Restricted cash and cash equivalents and financial assets as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Long-term financial instruments	₩ 510	₩ 237	Restricted withdrawal

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING DERIVATIVES):

(1) Financial assets measured at fair value through profit or loss ("FVPL") as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Financial assets-FVPL:				
Investment securities	₩ -	₩ 5,304	₩ -	₩ 5,299
Debt instruments	3,358,875	651,057	4,111,233	1,272,673
Beneficiary right of Trust business	<u>-</u>	<u>1,847</u>	<u>-</u>	<u>1,847</u>
Total	<u>₩ 3,358,875</u>	<u>₩ 658,208</u>	<u>₩ 4,111,233</u>	<u>₩ 1,279,819</u>

(2) Details of derivatives as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Derivative assets:				
Currency swaps	₩ 24,105	₩ 102,546	₩ 68,116	₩ 89,967
Interest rate swaps	1,048	43,008	-	87,366
Total	₩ 25,153	₩ 145,554	₩ 68,116	₩ 177,333
Derivative liabilities:				
Currency swaps	₩ -	₩ 39,501	₩ -	₩ -
Interest rate swaps	-	60,486	-	71,302
Total	₩ -	₩ 99,987	₩ -	₩ 71,302

(3) Details of currency swaps as of December 31, 2023 are as follows (Korean won in millions and foreign currencies in thousands, except exchange rate expressed in Korean won in units):

	Counterparty	Contract terms		Contract amount			Contract interest rate		Contract exchange rate
		Beginning	Ending	Unit	Sell	Purchase	Sell	Purchase	
Cash flow hedge	Credit Agricole	2015.11.10	2025.11.10	USD	100,000	₩113,400	2.15%	2.83%	1,134/USD
Cash flow hedge	KDB	2016.06.23	2028.06.23	USD	200,000	234,400	1.66%	2.47%	1,172/USD
Cash flow hedge	Nomura	2016.10.28	2031.10.28	USD	70,000	78,750	1.72%	2.62%	1,125/USD
Cash flow hedge	Nomura	2016.11.16	2031.11.16	USD	30,000	34,200	1.86%	2.81%	1,140/USD
Cash flow hedge	Nomura	2016.11.16	2031.11.16	USD	40,000	46,000	1.84%	2.80%	1,150/USD
Cash flow hedge	KB KOOKMIN BANK	2017.09.28	2024.09.28	HKD	470,000	68,150	2.21%	2.43%	145/HKD
Cash flow hedge	KB KOOKMIN BANK	2018.07.31	2023.07.31	CHF	100,000	114,000	2.00%	0.22%	1,140/CHF
Cash flow hedge	KDB	2020.06.04	2025.06.15	CHF	100,000	126,600	0.83%	0.19%	1,266/CHF
Cash flow hedge	WOORI BANK	2020.06.04	2025.06.15	CHF	100,000	126,700	0.83%	0.19%	1,267/CHF
Cash flow hedge	KDB	2020.10.27	2023.11.03	USD	150,000	168,825	0.43%	0.63%	1,125.5/USD
Cash flow hedge	KEB Hana BANK	2020.10.27	2023.11.03	USD	100,000	112,550	0.45%	0.63%	1,125.5/USD
Cash flow hedge	WOORI BANK	2020.10.27	2023.11.03	USD	50,000	56,275	0.45%	0.63%	1,125.5/USD
Cash flow hedge	KDB	2021.07.28	2024.08.05	USD	130,000	150,098	0.85%	0.77%	1,154.6/USD
Cash flow hedge	WOORI BANK	2021.12.15	2023.12.20	USD	130,000	153,907	0.95%	1.05%	1,183.9/USD

(4) Details of interest rate swaps as of December 31, 2023 are as follows (in millions of Korean won):

	Counterparty	Contact Terms		Principal Amount	Contact interest rate	
		Beginning	Ending		Sell	Purchase
Cash flow hedge	Credit Suisse	2014.02.19	2029.02.19	₩ 50,000	3.65%	Index floating rate
Cash flow hedge	Credit Suisse	2014.05.02	2029.05.02	100,000	3.64%	Index floating rate
Cash flow hedge	Morgan Stanley	2014.05.26	2024.05.26	50,000	3.44%	Index floating rate
Cash flow hedge	Credit Suisse	2015.08.31	2035.08.31	110,000	2.53%	KTB interest rate
Cash flow hedge	Nomura	2015.11.12	2030.11.12	50,000	2.28%	Swap interlocking interest rate
Cash flow hedge	Societe Generale	2016.04.29	2031.04.29	30,000	1.84%	Swap interlocking interest rate
Cash flow hedge	Credit Suisse	2017.04.27	2032.04.27	100,000	2.26%	KTB interest rate
Cash flow hedge	Nomura	2021.04.21	2041.04.21	120,000	1.64%	2.44%
Cash flow hedge	IBK Securities	2021.11.04	2051.11.04	100,000	2.40%	3.00%
Cash flow hedge	Nomura	2021.11.12	2041.11.12	50,000	2.23%	2.70%
Cash flow hedge	KB Securities	2022.04.18	2052.04.18	120,000	3.29%	4.00%
Cash flow hedge	KEB Hana Bank	2020.01.20	2025.01.20	200,000	1.65%	3M CD+0.16%
Cash flow hedge	KEB Hana Bank	2020.01.22	2024.01.22	200,000	1.59%	3M CD+0.16%
Cash flow hedge	KEB Hana Bank	2020.06.16	2025.06.16	200,000	1.32%	3M CD+0.40%
Cash flow hedge	KEB Hana Bank	2021.01.27	2026.01.27	300,000	1.43%	3M CD+0.22%
Cash flow hedge	KEB Hana Bank	2021.09.28	2026.09.28	300,000	2.03%	3M CD+0.21%
Cash flow hedge	KEB Hana Bank	2021.11.02	2026.11.02	200,000	2.52%	3M CD+0.28%
Cash flow hedge	Shinhan Bank	2022.03.02	2027.03.02	200,000	2.65%	3M CD+0.28%

(5) Details of gain and loss on valuation and settlement of derivative financial instruments for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023			2022		
	Gain or loss on valuation (*1)	Gain or loss on settlement (*1)	OCI (*2)	Gain or loss on valuation (*1)	Gain or loss on settlement (*1)	OCI (*2)
Currency swaps	₩ 1,253	₩ 37,497	₩ 4,484	₩ 109,364	₩ 20,574	₩ (47,097)
Interest rate swap	2,523	-	(49,080)	(43,611)	-	70,405
Total	₩ 3,776	₩ 37,497	₩ (44,596)	₩ 65,753	₩ 20,574	₩ 23,308

(*1) Gain or loss from fair value hedging are fully capitalized as borrowing costs.

(*2) Represents gross amounts before reflecting income tax effect.

9. TRADE AND OTHER RECEIVABLES:

(1) Details of trade and other receivables as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

		December 31 2023			
		Gross amounts	Allowance for doubtful accounts	Present value of discounts	Carrying amounts
Current assets:					
Trade receivables	₩	409,608	₩ (1,204)	₩ (1,587)	₩ 406,817
Other receivables		393,241	(51,197)	-	342,044
Accrued income		541,495	-	-	541,495
Due from customers for construction contracts		491,815	-	-	491,815
Subtotal		1,836,159	(52,401)	(1,587)	1,782,171
Non-current assets:					
Trade receivables		3,046,755	-	(11,833)	3,034,922
Deposits		494,460	-	(31,837)	462,623
Subtotal		3,541,215	-	(43,670)	3,497,545
Total	₩	5,377,374	₩ (52,401)	₩ (45,257)	₩ 5,279,716

		December 31, 2022			
		Gross amounts	Allowance for doubtful accounts	Present value of discounts	Carrying amounts
Current assets:					
Trade receivables	₩	467,486	₩ (308)	₩ (866)	₩ 466,312
Other receivables		282,437	(42,160)	-	240,277
Accrued income		122,421	-	-	122,421
Due from customers for construction contracts		307,631	-	-	307,631
Subtotal		1,179,975	(42,468)	(866)	1,136,641
Non-current assets:					
Trade receivables		3,400,307	-	(20,499)	3,379,808
Other receivables		476,102	-	(25,024)	451,078
Subtotal		3,876,409	-	(45,523)	3,830,886
Total	₩	5,056,384	₩ (42,468)	₩ (46,389)	₩ 4,967,527

(2) Credit risk and allowance for doubtful accounts

- 1) An aging analysis of trade receivables as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023	December 31, 2022
Neither overdue nor impaired	₩ 3,338,945	₩ 3,712,597
Overdue, but not impaired receivables	117,418	155,196
- Within 60 days	12,021	11,076
- 60–90 days	5,352	4,583
- 90–120 days	3,911	3,045
- More than 120 days	96,134	136,492
Subtotal	3,456,363	3,867,793
Less: Allowance for doubtful accounts	(1,204)	(308)
Less: Present value of discounts	(13,420)	(21,365)
Total	₩ 3,441,739	₩ 3,846,120

- 2) An aging analysis of current other receivables as of December 31, 2023 and 2022 are is as follows (in millions of Korean won) :

	December 31, 2023	December 31, 2022
Neither overdue nor impaired	₩ 53,009	₩ 17,144
Overdue, but not impaired receivables	333,083	257,603
- within 60 days	106,614	88,189
- 60–90 days	52,498	11,853
- 90–120 days	25,140	18,054
- More than 120 days	148,831	139,507
Impaired receivables	7,149	7,690
- within 60 days	95	49
- 60–90 days	17	54
- 90–120 days	27	82
- More than 120 days	7,010	7,505
Subtotal	393,241	282,437
Less: Allowance for doubtful accounts	(51,197)	(42,160)
Total	₩ 342,044	₩ 240,277

- (3) Changes in the allowance for doubtful accounts for trade and other receivables for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023		2022	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning	₩ 308	₩ 42,160	₩ 266	₩ 45,670
Bad debt expense	2,310	9,725	42	471
Write-off	(1,414)	(688)	-	(938)
Reversal	-	-	-	(3,043)
Ending	₩ 1,204	₩ 51,197	₩ 308	₩ 42,160

10. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME:

- (1) Changes in financial instruments measured at fair value through other comprehensive income (“FVOCI”) for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023					
	Beginning	Acquisitions	Disposals	Valuation (*1)	Others	Ending
Listed equity instrument	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Non-listed equity instrument	69,168	-	(3)	3	-	69,168
Debt instrument	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	69,168	-	(3)	3	-	69,168
Less: Government grants	-	-	-	-	-	-
Total	69,168	-	(3)	3	-	69,168
Current Financial assets						
-FVOCI	-	-	-	-	-	-
Non-current Financial assets						
-FVOCI	₩ 69,168	₩ -	₩ (3)	₩ 3	₩ -	₩ 69,168

(*1) It is the amount before income tax effect.

2022						
	Beginning	Acquisitions	Disposals	Valuation (*1)	Others	Ending
Listed equity instrument	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Non-listed equity instrument	66,043	-	(55)	3,180	-	69,168
Debt instrument	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	66,043	-	(55)	3,180	-	69,168
Less: Government grants	-	-	-	-	-	-
Total	₩66,043	₩ -	₩ (55)	₩3,180	₩ -	₩ 69,168
Current Financial assets						
-FVOCI	-	-	-	-	-	-
Non-current Financial assets						
-FVOCI	₩ 66,043	₩ -	₩ (55)	₩3,180	₩ -	₩ 69,168

(*1) It is the amount before income tax effect.

(2) Details of equity instruments-FVOCI as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

December 31, 2023					
	Number of shares Held	Ownership	Acquisition cost	Carrying amount	Fair value
<u>Non-listed equity securities:</u>					
Korea Overseas Infrastructure Development Co.	6,274,800	7.07%	₩ 31,374	₩ 34,821	₩ 34,821
Korea Housing Guarantee	5,350,200	0.94%	26,775	26,775	26,775
Keangnam Enterprises, Ltd.	275	0.00%	52	-	-
Other equity investments	-	-	7,286	7,572	7,572
Total			₩ 65,487	₩ 69,168	₩ 69,168

December 31, 2022					
	Number of shares Held	Ownership	Acquisition cost	Carrying amount	Fair value
<u>Non-listed equity securities:</u>					
Korea Overseas Infrastructure Development Co.	6,274,800	7.07%	₩ 31,374	₩ 35,106	₩ 35,106
Korea Housing Guarantee	5,350,200	0.94%	26,775	26,775	26,775
Keangnam Enterprises, Ltd.	275	0.00%	52	-	-
Dong Yang Engineering & Construction group	49	0.00%	-	1	1
Other equity investments	-	-	7,286	7,286	7,286
Total			₩ 65,487	₩69,168	₩ 69,168

11. FINANCIAL ASSETS MEASURED AT AMORTIZED COST:

There are no financial assets measured at amortized cost (“AC”) as of December 31, 2023 and 2022.

12. LOANS:

Details of loans as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023		
	Gross amount	Present value of Discount	Carrying amount
Student loans (*1)	₩ 15,027	₩ -	₩ 15,027
Housing fund loans (*2)	14	-	14
Long-term loans for lot sales	102,352	-	102,352
Urban development reallocation loans	1,959	(11)	1,948
Underage head of household loans	171	-	171
Other long-term loans	70,703	-	70,703
Housing loans	446	-	446
Loans for urban renewal project	257,345	-	257,345
Risky building reallocation loan	4,071	(54)	4,017
Short -term loans	6	-	6
Total	₩ 452,094	₩ (65)	₩ 452,029

	December 31, 2022		
	Gross amount	Present value of Discount	Carrying amount
Student loans (*1)	₩ 9,209	₩ -	₩ 9,209
Housing fund loans (*2)	16	-	16
Long-term loans for lot sales	43,629	-	43,629
Urban development reallocation loans	2,748	(21)	2,727
Underage head of household loans	198	-	198
Other long-term loans	139	-	139
Housing loans	450	-	450
Loans for urban renewal project	654,323	-	654,323
Risky building reallocation loan	4,260	(58)	4,202
Short -term loans	15	-	15
Total	₩ 714,987	₩ (79)	₩ 714,908

(*1) The Group provides student loans at market interest rates to the dependents of employees who have been in employment with the Group for at least one year. Repayments of loans are made in installments and deducted from the employee’s monthly salaries.

(*2) In connection with the relocation of the Group, housing loans are provided to eligible employees at market rate. The loans are to be repaid fully within three years.

13. FINANCIAL ASSETS:

Details of financial assets as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Short-term financial instruments	₩ 602,000	₩ -	₩ 509,000	₩ -
Special deposits	12,322	7,247	9,165	872
Total	₩ 614,322	₩ 7,247	₩ 518,165	₩ 872

14. INVENTORIES:

Details of inventories as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023		
	Acquisition costs	Valuation allowance	Carrying amounts
Goods	₩ 843,461	₩ (9,958)	₩ 833,503
Finished goods	15,029,229	(1,413,481)	13,615,748
Work-in-progress	69,435,033	(596,845)	68,838,188
Supplies	687	-	687
Total	₩ 85,308,410	₩ (2,020,284)	₩ 83,288,126

	December 31, 2022		
	Acquisition costs	Valuation allowance	Carrying amounts
Goods	₩ 821,338	₩ (12,513)	₩ 808,825
Finished goods	12,932,452	(1,383,118)	11,549,334
Work-in-progress	66,060,745	(800,487)	65,260,258
Supplies	616	-	616
Total	₩ 79,815,151	₩ (2,196,118)	₩ 77,619,033

The Group recognized acquisition costs of ₩8,584,186 million and ₩13,075,943 million as Cost of Sales for the years ended December 31, 2023 and 2022, respectively. Also, the Group recognized a loss on valuation of inventories amounting to ₩443,564 million and ₩332,471 million for the years ended December 31, 2023 and 2022, respectively, and reversal of provision amounting to ₩415,598 million and ₩968,628 million for the years ended December 31, 2023 and 2022, respectively.

15. NON-FINANCIAL ASSETS:

Details of non-financial assets as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Advance payments	₩ 563,501	₩ -	₩ 585,544	₩ -
Prepaid expenses	18,623	380	15,493	393
Payment on behalf of others for construction contracts(*1)	2,914,204	-	2,895,797	-
Other prepaid expenses	31,902	-	25,104	-
Others(*2)	1,118,025	5,479	1,024,973	5,367
Total	₩ 4,646,255	₩ 5,859	₩4,546,911	₩ 5,760

(*1) Payment on behalf of others for contract work: Construction costs paid on behalf of others + Construction warranties paid on behalf of others + Consignment construction costs paid on behalf of others + Advance payments on behalf of others for consignment service.

(*2) Other: Deposits related to collateral lodgment, Compensation consignment paid on behalf of others, Business consignment paid on behalf of others, SPC paid on behalf of others etc.

16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES:

(1) Details of investments in associates and joint ventures as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	Location	December 31, 2023			December 31, 2022		
		Ownership	Acquisition cost	Carrying amounts	Ownership	Acquisition cost	Carrying amounts
Korea Construction Management Corporation	Korea	38.57%	₩ 2,533	₩ 21	38.57%	₩ 2,533	₩ 21
Chungju Enterprise City Development Co., Ltd.	Korea	23.41%	4,683	3,979	23.41%	4,683	4,643
Jun wave Co., Ltd.	Korea	-	-	-	44.00%	6,260	-
Smart City Co., Ltd.	Korea	19.90%	9,413	458	19.90%	9,413	472
Smart City Asset Management Co., Ltd.	Korea	19.90%	60	57	19.90%	60	55
Alpha Dome City Co., Ltd.	Korea	28.34%	93,423	557	28.34%	93,423	300
Alpha Dome City Asset Management Co., Ltd.	Korea	35.50%	95	-	35.50%	95	32
Sinkyungju Development Co., Ltd.	Korea	15.00%	750	-	15.00%	750	1,303
Sinkyungju Development Management Co., Ltd.	Korea	15.00%	45	47	15.00%	45	48
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.84%	30,400	9,927	19.84%	30,400	15,224
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.86%	13,800	3,156	19.86%	13,800	4,435
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.89%	30,000	17,580	19.89%	30,000	18,985
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.83%	27,800	21,356	19.83%	27,800	23,748
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.93%	22,900	15,211	19.93%	22,900	16,800
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.87%	21,900	17,514	19.87%	21,900	19,251
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.93%	27,300	21,844	19.93%	27,300	24,449
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.92%	24,500	830	19.92%	24,500	5,387
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.86%	14,200	1,536	19.86%	14,200	4,269
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.90%	24,900	20,170	19.90%	24,900	23,343
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.88%	20,700	10,940	19.88%	20,700	14,612
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.91%	17,800	9,101	19.91%	17,800	12,965
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.90%	20,500	25,833	19.90%	20,500	28,721
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.90%	15,800	11,643	19.90%	15,800	13,774
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.91%	18,100	16,436	19.91%	18,100	19,182
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.92%	10,600	10,251	19.92%	10,600	12,509
National Happy Housing No.1 REIT Co., Ltd.	Korea	20.00%	3,434	1,190	20.00%	3,434	1,146
National Happy Housing No.2 REIT Co., Ltd.	Korea	19.92%	4,925	1,402	19.92%	4,925	1,948
Passive House Circulation Housing REIT Co., Ltd.	Korea	-	-	-	15.00%	3,300	2,628
Cheongju Culture Factory Real Estate Investment Trust	Korea	19.21%	2,500	2,479	19.21%	2,500	2,513
Land Assistance REIT No.1 Co., Ltd.	Korea	10.00%	15,390	13,022	10.00%	15,390	13,087
Land Assistance REIT No.2 Co., Ltd.	Korea	10.00%	6,033	2,528	10.00%	6,033	2,478
Sandan Jaesaeng1ho West Daegu Jisik Sanup Center Real Estate Investment Trust	Korea	11.88%	2,400	2,122	11.88%	2,400	1,898
Sandan Jaesaeng2ho Seongnam Jisik Sanup Center Real Estate Investment Trust	Korea	17.30%	9,600	8,332	17.30%	9,600	8,423
Zero Energy Lease REIT No.2 Co., Ltd.	Korea	15.79%	12,300	14,567	15.79%	12,300	15,662
KMIC Development Co., Ltd.	Oversea	40.00%	7,608	6,931	40.00%	7,608	6,973
VTK Hung Yen IP Co.,LTD	Oversea	35.00%	6,591	5,718	35.00%	6,591	5,574
Sejong Smartciy Co., Ltd.	Korea	17.33%	15,600	14,583	17.33%	15,600	15,187
Total			₩538,583	₩291,321		₩548,143	₩342,045

(2) Changes in investments in associates for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023										
	Beginning	Acquisitions	Disposal	Dividends	Share of profit (loss)		Others	Ending			
Korea Construction Management Corporation	₩ 21	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 21			
Chungju Enterprise City Development Co., Ltd.	4,643	-	-	-	(664)	-	-	3,979			
Smart City Co., Ltd.	472	-	-	-	(13)	-	-	459			
Smart City Asset Management Co., Ltd.	55	-	-	-	1	-	-	56			
Alpha Dome City Co., Ltd.	300	-	-	-	9,179	(8,921)	-	558			
Alpha Dome City Asset Management Co., Ltd.	32	-	-	-	(32)	-	-	-			
Sinkyungju Development Co., Ltd.	1,303	-	-	-	(1,303)	-	-	-			
Sinkyungju Development Management Co., Ltd.	48	-	-	-	(1)	-	-	47			
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	15,224	-	-	-	(5,297)	-	-	9,927			
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	4,435	-	-	-	(1,279)	-	-	3,156			
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	18,985	-	-	-	(2,786)	1,380	-	17,579			
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	23,748	-	-	-	(2,392)	-	-	21,356			
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	16,800	-	-	-	(1,589)	-	-	15,211			
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	19,251	-	-	-	(1,737)	-	-	17,514			
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	24,449	-	-	-	(2,605)	-	-	21,844			
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	5,387	-	-	-	(4,557)	-	-	830			
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	4,269	-	-	-	(2,733)	-	-	1,536			
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	23,343	-	-	-	(3,172)	-	-	20,171			
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	14,612	-	-	-	(3,672)	-	-	10,940			
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	12,965	-	-	-	(3,864)	-	-	9,101			
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	28,721	-	-	-	(2,888)	-	-	25,833			
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	13,774	-	-	-	(2,131)	-	-	11,643			
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	19,182	-	-	-	(2,746)	-	-	16,436			
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	12,509	-	-	-	(2,257)	-	-	10,252			
National Happy Housing No.1 REIT Co., Ltd.	1,146	-	-	-	44	-	-	1,190			
National Happy Housing No.2 REIT Co., Ltd.	1,948	-	-	-	(545)	-	-	1,403			
Passive House Circulation Housing REIT Co., Ltd.	2,628	-	(2,628)	-	-	-	-	-			
Cheongju Culture Factory Real Estate Investment Trust	2,513	-	-	-	(34)	-	-	2,479			
Land Assistance REIT No.1 Co., Ltd.	13,087	-	-	-	(66)	-	-	13,021			
Land Assistance REIT No.2 Co., Ltd.	2,478	-	-	-	51	-	-	2,529			
Sandan Jaesaeng1ho West Daegu Jisik Sanup Center Real Estate Investment Trust	1,898	-	-	-	223	-	-	2,121			
Sandan Jaesaeng2ho Seongnam Jisik Sanup Center Real Estate Investment Trust	8,423	-	-	-	(91)	-	-	8,332			
Zero Energy Lease REIT No.2 Co., Ltd.	15,662	-	-	-	(1,096)	-	-	14,566			
KMIC Development Co., Ltd.	6,973	-	-	-	(183)	141	-	6,931			
VTK HUNG YEN IP Co.,LTD	5,574	-	-	-	(448)	591	-	5,717			
Sejong Smartcity Co., Ltd.	15,187	-	-	-	(604)	-	-	14,583			
Total	₩342,045	₩ -	₩ (2,628)	₩ -	₩ (41,287)	₩ (6,809)	₩ 291,321				

(*) Investments in associates that have no book value due to recognition of impairment losses have been excluded.

December 31, 2022										
	Beginning	Acquisitions	Disposal	Dividends	Share of profit (loss)		Others	Ending		
Korea Construction Management Corporation	₩ 2,883	₩ -	₩(2,067)	₩ -	₩	(795)	₩ -	₩ 21		
Chungju Enterprise City Development Co., Ltd.	7,921	-	(3,277)	-	-	-	-	4,643		
Smart City Co., Ltd.	531	-	-	-	-	(59)	-	472		
Smart City Asset Management Co., Ltd.	54	-	-	-	-	2	-	55		
Alpha Dome City Co., Ltd.	10,171	-	-	(8,923)	-	(949)	-	300		
Alpha Dome City Asset Management Co., Ltd.	-	-	-	-	-	32	-	32		
Sinkyungju Development Co., Ltd.	-	-	-	-	-	1,303	-	1,303		
Sinkyungju Development Management Co., Ltd.	49	-	-	-	-	(1)	-	48		
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	20,113	-	-	-	-	(4,889)	-	15,224		
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	5,720	-	-	-	-	(1,285)	-	4,435		
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	24,574	-	-	-	-	(3,357)	(2,231)	18,985		
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	26,517	-	-	-	-	(2,769)	-	23,748		
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	18,744	-	-	-	-	(1,944)	-	16,800		
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	21,080	-	-	-	-	(1,828)	-	19,251		
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	27,130	-	-	-	-	(2,682)	-	24,449		
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	9,268	-	-	-	-	(3,881)	-	5,387		
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	6,910	-	-	-	-	(2,642)	-	4,269		
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	26,722	-	-	-	-	(3,380)	-	23,343		
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	18,253	-	-	-	-	(3,641)	-	14,612		
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	16,500	-	-	-	-	(3,536)	-	12,965		
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	32,202	-	-	-	-	(3,481)	-	28,721		
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	16,322	-	-	-	-	(2,547)	-	13,774		
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	22,102	-	-	-	-	(2,920)	-	19,182		
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	14,993	-	-	-	-	(2,484)	-	12,509		
National Happy Housing No.1 REIT Co., Ltd.	1,646	-	-	-	-	(501)	-	1,146		
National Happy Housing No.2 REIT Co., Ltd.	2,692	-	-	-	-	(744)	-	1,948		
Passive House Circulation Housing REIT Co., Ltd.	3,237	-	-	-	-	(609)	-	2,628		
Cheongju Culture Factory Real Estate Investment Trust	2,410	-	-	-	-	103	-	2,513		
Land Assistance REIT No.1 Co., Ltd.	13,078	-	-	-	-	9	-	13,087		
Land Assistance REIT No.2 Co., Ltd.	2,587	-	-	(221)	-	112	-	2,478		
Sandan Jaesaeng1ho West Daegu Jisik Sanup Center Real Estate Investment Trust	2,097	-	-	-	-	(199)	-	1,898		
Sandan Jaesaeng2ho Seongnam Jisik Sanup Center Real Estate Investment Trust	8,536	-	-	-	-	(113)	-	8,423		
Zero Energy Lease REIT No.2 Co., Ltd.	16,441	-	-	-	-	(779)	-	15,662		
KMIC Development Co., Ltd.	6,867	-	-	-	-	(727)	833	6,973		
VTK HUNG YEN IP Co.,LTD	3,865	2,726	-	-	-	(1,272)	256	5,574		
Sejong Smartciy Co., Ltd.	-	15,600	-	-	-	(410)	(3)	15,187		
Total	₩392,216	₩18,326	₩(5,344)	₩(9,144)	₩(52,863)	₩(1,145)		₩342,045		

(*) Investments in associates that have no book value due to recognition of impairment losses have been excluded.

(3) Details of financial information of associates as of and for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023			
	Assets	Liabilities	Revenue	Profit (loss)
Korea Construction Management Corporation	₩ 4,705	₩ 696	₩ -	₩ (132)
Chungju Enterprise City Development Co., Ltd.	20,018	3,021	5,595	(2,159)
Smart City Co., Ltd.	2,534	231	-	(68)
Smart City Asset Management Co., Ltd.	293	9	59	6
Alpha Dome City Co., Ltd.	2,769	802	-	(73)
Alpha Dome City Asset Management Co., Ltd.	387	604	-	(274)
Sinkyungju Development Co., Ltd.	87,159	88,736	55,087	(10,124)
Sinkyungju Development Management Co., Ltd.	362	51	1,266	8
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	1,140,283	1,132,719	19,034	(26,698)
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	480,244	452,048	9,331	(6,441)
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	1,051,220	1,015,654	32,066	(14,006)
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	1,042,966	995,356	15,874	(14,383)
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	804,399	745,268	13,817	(7,971)
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	736,216	682,228	13,244	(8,596)
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	885,832	826,253	15,781	(13,070)
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	1,020,519	1,012,934	15,676	(22,879)
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	624,732	628,917	10,349	(13,759)
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	1,180,923	1,146,842	14,647	(15,941)
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	878,812	859,489	13,231	(18,471)
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	789,260	768,524	9,547	(17,971)
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	929,974	886,465	13,119	(14,512)
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	707,366	677,945	10,614	(10,806)
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	827,986	786,415	10,968	(13,655)
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	509,426	493,006	7,229	(11,332)
National Happy Housing No.1 REIT Co., Ltd.	189,710	183,762	4,295	220
National Happy Housing No.2 REIT Co., Ltd.	224,732	217,694	4,435	(2,738)
Cheongju Culture Factory Real Estate Investment Trust	33,784	20,879	2,413	(403)
Land Assistance REIT No.1 Co. Ltd.	535,439	391,747	15,098	2,426
Land Assistance REIT No.2 Co. Ltd.	207,256	145,377	5,590	1,822
Sandan Jaesaeng1ho West Daegu Jisik SanupCenter Real Estate Investment Trust	51,719	33,858	8,839	2,419
Sandan Jaesaeng2ho West Daegu Jisik Sanup Center Real Estate Investment Trust	124,949	71,342	-	(295)
Zero Energy Lease REIT No.2 Co., Ltd.	346,744	282,404	1,853	(8,180)
KMIC Development Co.,LTD..	17,767	439	-	(409)
VTK HUNG YEN IP Co.,LTD	99,089	82,753	-	(1,631)
Sejong Smartciy Co., Ltd.	100,176	16,027	-	(4,943)

	December 31, 2022			
	Assets	Liabilities	Revenue	Profit (loss)
Korea Construction Management Corporation	₩ 5,346	₩ 824	₩ 3,387	₩ (7,586)
Chungju Enterprise City Development Co., Ltd.	24,933	5,776	17,189	(677)
Jun wave Co., Ltd.	1,488	73,357	-	-
Smart City Co., Ltd.	2,760	391	-	(297)
Smart City Asset Management Co., Ltd.	701	423	64	8
Alpha Dome City Co., Ltd.	2,842	1,784	-	(1,171)
Alpha Dome City Asset Management Co., Ltd.	673	582	964	6
Sinkyungju Development Co., Ltd.	96,303	87,615	73,387	12,698
Sinkyungju Development Management Co., Ltd.	387	66	1,308	4
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	1,153,692	1,119,431	14,362	(24,638)
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	545,324	510,688	9,119	(6,365)
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	1,070,595	1,027,961	14,536	(16,877)
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	1,043,061	983,387	15,216	(13,962)
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	826,775	759,674	13,225	(9,777)
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	738,261	675,531	13,086	(9,191)
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	885,909	813,259	15,661	(13,453)
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	1,054,783	1,024,318	15,646	(19,485)
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	643,627	634,053	10,203	(13,301)
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	1,212,610	1,162,588	13,898	(17,585)
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	906,487	868,695	13,088	(18,315)
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	827,090	786,945	9,118	(14,988)
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	912,862	854,841	12,882	(17,308)
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	725,064	684,934	11,447	(12,759)
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	834,522	779,161	10,488	(14,666)
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	528,162	500,410	6,665	(12,446)
National Happy Housing No.1 REIT Co., Ltd.	195,405	189,677	4,085	(2,504)
National Happy Housing No.2 REIT Co., Ltd.	245,043	235,266	4,263	(3,728)
Passive House Circulation Housing REIT Co., Ltd	133,902	132,164	2,085	(4,063)
Cheongju Culture Factory Real Estate Investment Trust	33,405	20,324	2,413	578
Land Assistance REIT No.1 Co. Ltd.	536,095	391,747	15,090	3,083
Land Assistance REIT No.2 Co. Ltd.	206,744	145,377	5,590	1,060
Sandan Jaesaeng1ho West Daegu Jisik SanupCenter Real Estate Investment Trust	55,464	39,484	772	(1,674)
Sandan Jaesaeng2ho West Daegu Jisik Sanup Center Real Estate Investment Trust	54,250	119	-	(653)
Zero Energy Lease REIT No.2 Co., Ltd.	308,408	235,245	-	(3,050)
KMIC Development Co.,LTD.	17,580	148	-	(847)
VTK HUNG YEN IP Co.,LTD	59,180	43,252	-	(1,275)
Sejong Smartcity Co., Ltd.	89,386	1,753	-	(2,367)

17. PROPERTY, PLANT AND EQUIPMENT:

(1) Details in property, plant and equipment as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Carrying amounts
Land	₩ 342,844	₩ (1,667)	₩ -	₩ -	₩ 341,177
Buildings	936,069	(13,410)	(242,852)	(3,135)	676,672
Structures	105,408	-	(51,008)	-	54,400
Machinery	251,884	-	(166,149)	-	85,735
Vehicles	3,291	-	(3,090)	-	201
Furniture and fixtures	205,547	-	(147,568)	-	57,979
Tools and equipment	29,790	(3,144)	(26,379)	-	267
Right-of-use	80,467	-	(45,168)	-	35,299
Construction in progress	9,122	-	-	-	9,122
Total	₩ 1,964,422	₩ (18,221)	₩ (682,214)	₩ (3,135)	₩ 1,260,852

	December 31, 2022				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Carrying amounts
Land	₩ 343,032	₩ (1,667)	₩ -	₩ -	₩ 341,365
Buildings	936,821	(13,727)	(223,776)	(3,135)	696,183
Structures	103,760	-	(45,754)	-	58,006
Machinery	251,502	-	(153,561)	-	97,941
Vehicles	4,746	-	(4,175)	-	571
Furniture and fixtures	194,748	-	(132,018)	-	62,730
Tools and equipment	28,838	(3,297)	(24,378)	-	1,163
Right-of-use	63,341	-	(31,419)	-	31,922
Construction in progress	2,674	-	-	-	2,674
Total	₩1,929,462	₩ (18,691)	₩(615,081)	₩ (3,135)	₩ 1,292,555

(2) Changes in property, plant and equipment for the years ended December 31, 2023 and 2022 are as follows
(in millions of Korean won):

	December 31, 2023						
	Beginning	Additions (*1)	Disposals	Depreciation	Impairment	Other	Ending
Land	₩ 343,032	₩ -	₩ (188)	₩ -	₩ -	₩ -	₩ 342,844
Less: Government grants	(1,667)	-	-	-	-	-	(1,667)
Buildings	709,910	-	(544)	(19,410)	-	126	690,082
Less: Government grants	(13,727)	-	-	317	-	-	(13,410)
Structures	58,006	1,652	-	(5,257)	-	(1)	54,400
Machinery	97,941	391	-	(12,595)	-	(2)	85,735
Vehicles	571	10	-	(225)	-	(156)	200
Furniture and fixtures	62,730	17,056	(11)	(21,754)	-	(42)	57,979
Tools and equipment	4,460	1,371	-	(1,519)	-	(901)	3,411
Less: Government grants	(3,297)	(38)	-	191	-	-	(3,144)
Right-of-use	31,922	28,348	(475)	(25,540)	-	1,045	35,300
Construction in progress	2,674	-	-	-	-	6,448	9,122
Total	₩1,292,555	₩48,790	₩ (1,218)	₩ (85,792)	₩ -	₩ 6,517	₩ 1,260,852

(*1) Additions include the amounts of the capitalized borrowing costs.

	December 31, 2022						
	Beginning	Additions (*1)	Disposals	Depreciation	Impairment	Other	Ending
Land	₩ 343,055	₩ -	₩ (23)	₩ -	₩ -	₩ -	₩ 343,032
Less: Government grants	(1,667)	-	-	-	-	-	(1,667)
Buildings	732,639	3	(32)	(19,565)	(3,135)	-	709,910
Less: Government grants	(14,044)	-	-	317	-	-	(13,727)
Structures	60,519	2,636	-	(5,149)	-	-	58,006
Machinery	108,909	1,569	-	(12,537)	-	-	97,941
Vehicles	868	117	-	(414)	-	-	571
Less: Government grants	-	-	-	-	-	-	-
Furniture and fixtures	61,672	22,166	(103)	(20,971)	-	(34)	62,730
Tools and equipment	6,459	845	(58)	(2,762)	-	(24)	4,460
Less: Government grants	(4,011)	29	-	685	-	-	(3,297)
Right-of-use	28,678	11,828	(280)	(19,321)	-	11,016	31,922
Construction in progress	1,521	250	-	-	-	903	2,674
Less: Government grants	(1,240)	1,240	-	-	-	-	-
Total	₩1,323,358	₩40,683	₩ (496)	₩ (79,717)	₩ (3,135)	₩11,861	₩1,292,555

(*1) Additions include the amounts of the capitalized borrowing costs.

18. INVESTMENT PROPERTIES:

- (1) Acquisition costs and net book values of investment properties as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023			
	Acquisition cost	Government grants	Accumulated depreciation	Carrying amounts
Land	₩ 639,075	₩ -	₩ -	₩ 639,075
Buildings (*)	119,918,257	(252,147)	(12,782,926)	106,883,184
Construction in progress	11,980,933	(68,712)	-	11,912,221
Total	₩ 132,538,265	₩ (320,859)	₩ (12,782,926)	₩ 119,434,480

(*) Buildings, as the collective buildings for rental housing, include the value of land.

	December 31, 2022			
	Acquisition cost	Government grants	Accumulated depreciation	Carrying amounts
Land	₩ 639,294	₩ -	₩ -	₩ 639,294
Buildings (*)	111,744,681	(214,251)	(11,424,062)	100,106,368
Construction in progress	12,951,002	(86,930)	-	12,864,072
Total	₩ 125,334,977	₩ (301,181)	₩ (11,424,062)	₩ 113,609,734

(*) Buildings, as the collective buildings for rental housing, include the value of land.

- (2) Changes in the net book values of investment properties for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023					
	Beginning	Additions	Disposals	Depreciation	Others (*1)	Ending
Land	₩ 639,294	₩ -	₩ -	₩ -	₩ (219)	₩ 639,075
Buildings	100,320,619	33,505	(4,182)	(1,422,910)	8,208,301	107,135,333
Less: Government grants	(214,251)	(24,571)	-	6,589	(19,914)	(252,147)
Construction in progress	12,951,002	8,024,869	-	-	(8,994,939)	11,980,932
Less: Government grants	(86,930)	(3,868)	-	-	22,085	(68,713)
Total	₩ 113,609,734	₩ 8,029,935	₩ (4,182)	₩ (1,416,321)	₩ (784,686)	₩ 119,434,480

(*1) Others include amounts transferred in from property, plant and equipment and inventories.

	December 31, 2022					
	Beginning	Additions	Disposals	Depreciation	Others (*1)	Ending
Land	₩ 662,141	₩ -	₩ -	₩ -	₩ (22,847)	₩ 639,294
Buildings	92,343,224	47,136	(10,602)	(1,290,213)	9,231,074	100,320,619
Less: Government grants	(183,922)	(21,586)	-	6,401	(15,144)	(214,251)
Construction in progress	13,681,232	12,257,247	-	-	(12,987,477)	12,951,002
Less: Government grants	(72,210)	3,953	-	-	(18,673)	(86,929)
Total	<u>₩106,430,465</u>	<u>₩12,286,750</u>	<u>₩ (10,602)</u>	<u>₩(1,283,812)</u>	<u>₩(3,813,067)</u>	<u>₩113,609,734</u>

(*1) Others include amounts transferred in from property, plant and equipment and inventories.

- (3) Details of rental income and expense for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Rental income	₩ 1,646,413	₩ 1,531,728
Rental expenses	<u>3,870,255</u>	<u>(3,467,972)</u>
Total	<u>₩ (2,223,842)</u>	<u>₩ (1,936,246)</u>

- (4) Fair values of investment properties as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023		December 31, 2022	
	Book value	Fair value	Book value	Fair value
Land	₩ 639,075	₩ 884,257	₩ 639,294	₩ 1,028,812
Buildings	106,883,185	140,226,917	100,106,368	159,035,019
Construction in progress	<u>11,912,220</u>	<u>11,912,220</u>	<u>12,864,072</u>	<u>12,864,073</u>
Total	<u>₩119,434,480</u>	<u>₩ 153,023,394</u>	<u>₩113,609,734</u>	<u>₩ 172,927,904</u>

The fair values of investment properties are measured using the assumptions that market participants would use when pricing the investment properties, who are assumed to act in their economic best interest. A fair value measurement of investment properties takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. A fair value is measured by valuation method for which the lowest-level input that is significant to the fair value measurement is unobservable (Level 3).

- (5) All investment properties of the Group are real estates that it owns.

19. CONSTRUCTION CONTRACTS:

- (1) Changes in balances of construction contracts for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023			
	Beginning	Increase	Revenue Recognized	Ending
Housing construction	₩6,569,846	₩1,096,845	₩(1,049,810)	₩6,616,881

	2022			
	Beginning	Decrease	Revenue Recognized	Ending
Housing construction	₩5,448,235	₩1,993,640	₩ (872,029)	₩6,569,846

- (2) Details of income or loss from construction contracts in progress as of and for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	Cumulated contract revenue	Cumulated contract cost	Cumulated contract income	Advance from customers(including due to customer)
2023	₩2,469,220	₩1,600,302	₩868,918	₩2,002,199
2022	₩2,866,241	₩1,993,619	₩872,622	₩1,206,345

- (3) Details of due from customers and due to customer as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023		December 31, 2022	
	Due from Customer	Due to Customer	Due from Customer	Due to Customer
Housing construction	₩491,815	₩1,025	₩307,631	₩104,237

20. CONTRACT ASSETS AND CONTRACT LIABILITIES:

Details of contract assets and contract liabilities as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

Description	December 31, 2023	December 31, 2022
Contract assets:		
Due from customer	₩ 491,815	₩ 307,631
Long-term loans for real-estate sales	102,352	43,629
Total	₩ 594,167	₩ 351,260
Contract liabilities:		
Due to customer	₩ 1,025	₩ 104,237
Advances from real-estate sales	16,535,552	15,927,239
Total	₩ 16,536,577	₩ 16,031,476

21. INTANGIBLE ASSETS EXCLUDING GOODWILL:

(1) Acquisition costs and net book values of intangible assets excluding goodwill, as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023			
	Acquisition costs	Government grants	Accumulated depreciation	Book values
Brand	₩ 89	₩ -	₩ (89)	₩ -
Software	78,850	-	(61,311)	17,539
Copyright, patent and industrial property rights	971	-	(617)	354
Development costs	149,559	(187)	(123,785)	25,587
Intangible assets in development	5,119	-	-	5,119
Others	13,843	-	-	13,843
Total	₩ 248,431	₩ (187)	₩ (185,802)	₩ 62,442

	December 31, 2022			
	Acquisition costs	Government grants	Accumulated depreciation	Book values
Brand	₩ 89	₩ -	₩ (88)	₩ 1
Software	76,824	-	(54,807)	22,017
Copyright, patent and industrial property rights	850	-	(551)	299
Development costs	138,602	(229)	(116,805)	21,568
Intangible assets in development	8,303	-	-	8,303
Others	13,602	-	-	13,602
Total	₩ 238,270	₩ (229)	₩ (172,251)	₩ 65,790

- (2) Changes in the net book value of intangible assets excluding goodwill for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023					
	Beginning	Additions	Disposals	Amortization	Others	Ending
Brand name	₩ 1	₩ -	₩ -	₩ (1)	₩ -	₩ -
Software	22,017	2,413	-	(6,891)	-	17,539
Copyright, patent and industrial property rights	299	-	-	(66)	121	354
Development costs	21,797	1,544	-	(7,748)	10,182	25,775
Less: Government grants	(229)	-	-	42	-	(187)
Intangible assets in development	8,303	7,119	-	-	(10,303)	5,119
Others	13,602	240	-	-	-	13,842
Total	₩ 65,790	₩ 11,316	₩ -	₩ (14,664)	₩ -	₩ 62,442

	December 31, 2022					
	Beginning	Additions	Disposals	Amortization	Others	Ending
Brand name	₩ 4	₩ -	₩ -	₩ (3)	₩ -	₩ 1
Software	21,078	7,400	(27)	(6,434)	-	22,017
Copyright, patent and industrial property rights	247	4	-	(76)	124	299
Development costs	20,742	2,016	-	(7,930)	6,969	21,797
Less: Government grants	(165)	(100)	-	36	-	(229)
Intangible assets in development	3,367	12,029	-	-	(7,093)	8,303
Others	11,105	2,497	-	-	-	13,602
Total	₩ 56,378	₩ 23,846	₩ (27)	₩(14,407)	₩ -	₩ 65,790

22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS:

Financial liabilities at fair value through profit or loss as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023		December 31, 2022	
	Current	Non-Current	Current	Non-Current
Derivative liabilities	₩ -	₩ 99,987	₩ -	₩ 71,302

23. TRADE AND OTHER PAYABLES:

Details of trade and other payables as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Trade payables	₩ 2,546,396	₩ 1,667	₩ 3,293,744	₩ 1,753
Other payables	288,244	-	296,469	-
Accrued expenses	350,493	582,360	330,075	492,631
Leasehold deposits received	16,058,456	8,869,256	13,319,101	10,920,005
Deposits received	5,016	-	9,776	-
Lease liabilities	6,932	47,396	2,518	30,828
Total	₩19,255,537	₩ 9,500,679	₩17,251,683	₩11,445,217

24. **BORROWINGS AND BONDS:**

(1) Details of borrowings and bonds as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

Description	December 31, 2023	December 31, 2022
Current liabilities:		
Short-term borrowings	₩ 3,014,700	₩ 2,500,000
Current portion of long-term borrowings	317,440	436,240
Current portion of bonds	3,334,157	3,364,724
Addition: Government grants	1,813	1,886
Less: Present value of discount	(1,813)	(1,887)
Less: Bond issuance discount	(920)	(816)
Subtotal	6,665,377	6,300,147
Non-current liabilities:		
Long-term borrowings	45,082,426	44,859,552
Bonds	36,547,296	30,463,668
Addition: Government grants	10,831,841	10,977,519
Less: Present value of discount	(10,831,841)	(10,977,519)
Less: Bond issuance discount	(13,276)	(7,618)
Subtotal	81,616,446	75,315,602
Total	₩88,281,823	₩81,615,749

(2) Details of short-term borrowings as of December 31, 2023 and 2022, are as follows (in millions of Korean won):

Financial institutions	December 31, 2023		
	Annual interest rate (%)	Maturity Date	Balances
KEB Hana Bank	3.98 ~ 4.29	2024.01.05 ~ 2024.03.07	₩2,200,000
Hana Financial Investment Co., Ltd.	3.82 ~ 3.84	2024.01.19 ~ 2024.03.05	500,000
Shinhan Bank	4.12	2024.03.04	200,000
Woori Investment Bank Co., Ltd.	4.23	2024.01.04	100,000
Hannuri Energy	3.45	2024.06.21	1,000
NH NongHyup Bank, etc.	4.00 ~ 7.11	2024.06.04	13,700
Total			₩3,014,700

Financial institutions	December 31, 2022		
	Annual interest rate (%)	Maturity Date	Balances
KEB Hana Bank	3.48 ~ 4.31	2023.01.06 ~ 2023.03.09	₩1,600,000
Hana Financial Investment Co., Ltd.	4.14 ~ 4.33	2023.01.18 ~ 2023.03.03	700,000
Shinhan Bank	4.31	2023.03.05	200,000
Total			₩2,500,000

(3) Details of long-term borrowings as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	Creditors	Annual interest rate (%)	Maturity date	December 31, 2023	December 31, 2022
Public Rental ABS 5 th (*)	LH My Home SPC 5 th	3.31~3.36	2022.02.25 ~2023.02.25	₩ -	₩ 30,000
National Housing Fund	KB Kookmin Bank, NH NongHyup Bank, Woori Bank Korea Housing & Urban Guarantee Corporation	1~4.23	2023.07.02 ~2068.07.27	45,399,765	45,089,443
Second Public Preservation	Woori Bank	3.6~3.8	2023.09.16 ~2027.08.01	-	143,672
Energy Complex Fund	Korea Energy Agency, Woori Bank	3.75	2024.04.23	101	505
Financial facility loans	Korea Development Bank	3.73	2023.12.20	-	173
Operating loans	Hanuri Energy	3.45	2024.06.21	-	1,000
Biz. land purchase loans	NH NongHyup Capital etc.	4.00-7.11	2024.06.04	-	31,000
	Subtotal			45,399,866	45,295,793
	Addition: Government grants			10,831,842	10,977,519
	Less: Present value of discount			(10,833,655)	(10,979,407)
	Subtotal			45,398,053	45,293,906
	Less: Current portion			(317,440)	(436,241)
	Less: Present value of discount on current portion			1,813	1,887
	Total			₩45,082,426	₩ 44,859,552

(*) The Company transferred rental income to be recovered in the future to o LH My Home SPC 5th, and LH My Home SPC 5th carried out asset securitization by issuing asset backed securities based on the transferred assets, so there is no balance of securitization liabilities as of the December 31, 2023, and ₩30,000 million as of December 31, 2022.

- (4) Details of bonds as of December 31, 2023 and 2022 are as follows (in millions of Korean won and in thousands of foreign currencies):

	Annual interest rate (%)	Maturity date	December 31, 2023				December 31, 2022			
			Foreign currencies		Korean won equivalent		Foreign currencies		Korean won equivalent	
Bonds denominated in Korean won (*1)	1.097~7.12	2024.01.13 ~2068.10.30	-	-	₩	36,497,000	-	-	₩	30,757,000
Bonds denominated in US dollars (*2)	0.625~2.830	2024.08.05 ~2031.11.16	USD	1,270,000		1,637,538	USD	1,000,000		1,267,300
Bonds denominated in CHF (*3)	0.193~0.220	2025.06.15	CHF	200,000		305,364	CHF	300,000		411,861
Bonds denominated in HKD (*4)	2.430	2024.09.28	HKD	470,000		77,578	HKD	470,000		76,398
Bonds denominated in SGD (*5)	4.200	2025.11.06	SGD	100,000		97,686	-	-		-
Bonds related to land compensation	0.91~4.29	2024.01.31 ~2028.12.31	-	-		1,266,287	-	-		1,315,832
Subtotal						39,881,453	33,828,391			
Less: Discount on bonds						(14,196)	(8,434)			
Subtotal						39,867,257	33,819,957			
Less: Current portion						(3,334,157)	(3,364,723)			
Less: Discount on bonds' current portion						920	816			
Total						₩ 36,534,020	₩ 30,456,050			

(*1) The bonds are guaranteed by the Korean Government in accordance with Paragraph 3 of Article 10 of the Korea Land & Housing Corporation Act.

(*2) Various bonds amounting to \$1,040,000 thousand are listed on the Singapore Exchange.

(*3) The bonds are listed on the Swiss Exchange.

(*4) The bonds are listed on the Hong Kong Stock Exchange.

(*5) The bonds are listed on the Singapore Exchange.

- (5) Redemption plans of borrowings and bonds payable as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

Redemption period	December 31, 2023		
	Borrowings	Bonds payable	Total
Less than 1 year	₩ 3,332,140	₩ 3,334,157	₩ 6,666,297
1 year~5 years	1,095,361	16,219,780	17,315,141
More than 5 years	43,987,065	20,327,516	64,314,581
Total	₩ 48,414,566	₩ 39,881,453	₩ 88,296,019

Redemption period	December 31, 2022		
	Borrowings	Bonds payable	Total
Less than 1 year	₩ 2,936,241	₩ 3,364,723	₩ 3,800,965
1 year~5 years	673,756	11,715,787	12,389,543
More than 5 years	44,185,796	18,747,881	62,933,676
Total	₩ 47,795,793	₩ 33,828,391	₩ 81,624,184

25. LEASE:

(1) Composition of Right-of-use as of December 31, 2023 and 2022 is as follows (in millions of Korean won):

		December 31, 2023			
		Acquisition costs	Accumulated depreciation	Government grants	Carrying amounts
Vehicles	₩	43,907	₩ (24,157)	₩ -	₩ 19,750
Office buildings		36,560	(21,011)	-	15,549
Total	₩	80,467	₩ (45,168)	₩ -	₩ 35,299

		December 31, 2022			
		Acquisition costs	Accumulated depreciation	Government grants	Carrying amounts
Vehicles	₩	37,092	₩ (15,812)	₩ -	₩ 21,280
Office buildings		26,249	(15,607)	-	10,642
Total	₩	63,341	₩ (31,419)	₩ -	₩ 31,922

(2) Changes in Right-of-use for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won)

		2023					
		Beginning	Additions	Depreciation	Disposals	Others	Ending
Vehicles	₩	21,216	₩ 9,741	₩ (11,633)	₩ (360)	₩ 786	₩ 19,750
Office buildings		10,706	18,607	(13,908)	(115)	259	15,550
Total	₩	31,922	₩ 28,348	₩ (25,541)	₩ (475)	₩ 1,045	₩ 35,300

		2022					
		Beginning	Additions	Depreciation	Disposals	Others	Ending
Vehicles	₩	15,479	₩ 5,059	₩ (10,440)	₩ (280)	₩ 11,398	₩ 21,216
Office buildings		13,200	6,769	(8,880)	-	(383)	10,706
Total	₩	28,679	₩ 11,828	₩ (19,320)	₩ (280)	₩ 11,015	₩ 31,922

(3) Details of maturities of lease liabilities outstanding as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

		December 31, 2023		
		Vehicles	Office buildings	Total
Less than 1 year	₩	3,429	₩ 3,776	₩ 7,205
1 year–5 years		18,202	31,357	49,559
Subtotal		21,631	35,133	56,764
Adjustments of present value etc.		(732)	(1,704)	(2,436)
Total	₩	20,899	₩ 33,429	₩ 54,328

		December 31, 2022		
		Vehicles	Office buildings	Total
Less than 1 year	₩	977	₩ 1,593	₩ 2,570
1 year–5 years		35,228	24,514	59,742
Subtotal		36,205	26,107	62,312
Adjustments of present value etc.		(14,042)	(14,924)	(28,966)
Total	₩	22,163	₩ 11,183	₩ 33,346

(4) Details of current and non-current lease liabilities outstanding as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

		December 31, 2023		
		Vehicles	Office buildings	Total
Current	₩	3,330	₩ 3,602	₩ 6,932
Non-current		17,569	29,827	47,396
Total	₩	20,899	₩ 33,429	₩ 54,328

		December 31, 2022		
		Vehicles	Office buildings	Total
Current	₩	946	₩ 1,572	₩ 2,518
Non-current		21,217	9,611	30,828
Total	₩	22,163	₩ 11,183	₩ 33,346

- (5) Changes in lease liabilities for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

2023						
	Beginning	Additions	Interest exp.	Decreases	Others(*)	Ending
Vehicles	₩22,162	₩ 9,741	₩ 576	₩ (12,051)	₩ 471	₩20,899
Office buildings	11,183	18,607	1,592	(15,742)	17,789	33,429
Total	₩33,345	₩28,348	₩ 2,168	₩ (27,793)	₩18,260	₩54,328

(*) Other increases and decreases include the effects of Sale and Leaseback, etc.

2022						
	Beginning	Additions	Interest exp.	Decreases	Others(*)	Ending
Vehicles	₩15,930	₩ 5,059	₩ 571	₩(10,949)	₩ 11,552	₩22,163
Office buildings	13,669	6,769	281	(9,084)	(452)	11,183
Total	₩29,599	₩11,828	₩ 852	₩(20,033)	₩11,099	₩33,346

- (6) The amounts relating to leases recognized for the years ended December 31, 2023 and 2022 on the statements of comprehensive income, are as follows (in millions of Korean won):

	2023	2022
Depreciation of Right-of-use assets	₩25,541	₩19,320
Interest expenses of lease liabilities	2,168	852
Expenses related to short-term and low-value assets per the waiver provision	28,553	27,093
Total	₩56,262	₩47,265

(*) The total cash outflow from leases in consolidated statements of cash flows was ₩ 56,346 million and ₩ 47,125 million as of December 31, 2023 and 2022, respectively.

26. EMPLOYEE RETIREMENT BENEFITS:

(1) Defined contribution plan

The Group operates a defined benefit pension plan for qualified employees. Outside reserved plan assets are managed independently from the assets of the Group in the form of funds under the control of the fiduciary. In the event that an employee leaves the Group before the vesting conditions of the defined contribution type are met, the contribution to be paid by the Group shall be reduced by the amounts of the lost contribution.

For the defined contribution retirement benefit plan, the amounts recognized in the statement of comprehensive income for the years ended December 31, 2023 and 2022 are ₩1,100 million and ₩1,374 million, respectively.

	<u>2023</u>	<u>2022</u>
Cost of sales	₩1,100	₩1,374
Selling and administrative expenses	<u>-</u>	<u>-</u>
Total	<u>₩1,100</u>	<u>₩1,374</u>

(2) Defined benefit plan

The Group operates a defined benefit plan for qualified employees.

The actuarial valuation of the most recent plan assets and defined benefit obligations was performed by KB Securities actuaries. Current and past service costs related to the present value of the defined benefit obligation are measured using the projected unit reserve method.

- 1) Details of the defined benefit liability (assets) as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation under reserved plan	₩519,358	₩487,444
Fair value of plan assets	(63,227)	(51,870)
National pension fund	<u>(81)</u>	<u>(81)</u>
Net	<u>456,050</u>	<u>₩435,493</u>
Present value of defined benefit obligation under non-reserved plan	<u>-</u>	<u>-</u>
Total(*)	<u>₩456,050</u>	<u>₩435,493</u>

(*) Total is the offset amount of defined benefit liability ₩ 456,050 million.

- 2) Changes in the defined benefit liability for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Beginning	₩ 487,444	₩ 532,209
Service costs	55,933	56,284
Interest costs	23,432	16,214
New entry / transfer effect	534	479
Remeasurements of defined benefit liabilities	6,570	(69,249)
Service cost for previous periods	-	7,858
Payments	(54,555)	(56,351)
Ending	₩ 519,358	₩ 487,444

- 3) Changes in the fair value of plan assets for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Beginning	₩ 51,870	₩ 39,816
User contributions	10,107	13,664
Expected return on plan assets	2,719	1,162
Remeasurements of defined benefit liabilities	120	(464)
Payments	(1,589)	(2,308)
Ending	₩ 63,227	₩ 51,870

- 4) Details of costs under the defined benefit plan recognized in the statements of comprehensive income for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Service costs	₩ 55,933	₩ 56,284
Service costs for previous periods	-	7,858
Interest costs	23,432	16,214
New entry / transfer effect	534	479
Expected return on plan assets	(2,719)	(1,162)
Total	₩ 77,180	₩ 79,673

The above income and expenses were recognized in the consolidated statement of comprehensive income as follows (in millions of Korean won):

	2023	2022
Selling and administrative expenses	₩ 17,590	₩ 18,794
Cost of sales	59,590	60,879
Total	₩ 77,180	₩ 79,673

- 5) Remeasurements of defined benefit liabilities recognized in the statements of comprehensive income and loss for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Actuarial gain	₩ (6,570)	₩69,249
Return on plan assets	120	(464)
Total	₩ (6,450)	₩68,785

27. PROVISIONS:

- (1) Details of provisions as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023			December 31, 2022		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefit provision (*1)	₩ 89,302	₩ -	₩ 89,302	₩ 122,809	₩ -	₩ 122,809
Warranty provision (*2)	-	38,224	38,224	-	47,240	47,240
Provision for litigation	-	304,795	304,795	-	210,805	210,805
Cost provision (*3)	15,219,420	-	15,219,420	15,856,299	-	15,856,299
Sale convertible provision (*4)	31,299	-	31,299	62,996	-	62,996
Carbon credit provision (*5)	1,774	-	1,774	980	-	980
Payment guarantee provision	-	1,182	1,182	-	1,575	1,575
Total	₩15,341,795	₩ 344,201	₩15,685,996	₩16,043,084	₩259,620	₩16,302,704

- (*1) The Group has estimated performance bonuses based on current business performance and management evaluation standards. These estimates may vary.
- (*2) The Group recognizes the estimated liability to repair or replace products sold with warranties at the date of the consolidated statements of financial position. The provision is determined based on past experience on warranty claims on the level of repairs and returns.
- (*3) Expected future costs to be incurred in relation to revenue arising from construction contracts are recognized as cost variance, when the construction cost is complete, and the estimates may vary.
- (*4) Expected future costs to be incurred in relation to the conversion of public rental housing to housing for sale are recognized as Sale convertible provisions, and the estimates may vary.
- (*5) Carbon credits provision is an estimate of the purchase cost for a shortage of GHG (greenhouse gas) emissions. These estimates are subject to change

(2) Changes in provisions as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

		December 31, 2023				
		Beginning	Transfer-in	Use	Reversal	Ending
Employee benefit provision	₩	122,809	₩ 10,556	₩ (44,063)	₩ -	₩ 89,302
Warranty provision		47,240	14,349	(11,553)	(11,812)	38,224
Provision for litigation		210,805	160,118	(4,677)	(61,450)	304,796
Cost provision		15,856,299	8,469,835	(8,329,313)	(777,402)	15,219,419
Sale convertible provision		62,996	10,381	(9,107)	(32,971)	31,299
Carbon credit provision		980	1,114	(320)	-	1,774
Payment guarantee provision		1,575	-	-	(393)	1,182
Total		<u>₩16,302,704</u>	<u>₩ 8,666,353</u>	<u>₩ (8,399,033)</u>	<u>₩ (884,028)</u>	<u>₩ 15,685,996</u>

		December 31, 2022				
		Beginning	Transfer-in	Use	Reversal	Ending
Employee benefit provision	₩	145,994	₩ 9,723	₩ (32,908)	₩ -	₩ 122,809
Warranty provision		45,606	1,682	(33)	(15)	47,240
Provision for litigation		230,782	119,607	(68,457)	(71,127)	210,805
Cost provision		14,596,463	3,433,437	(1,787,866)	(385,735)	15,856,299
Sale convertible provision		54,958	15,146	(7,108)	-	62,996
Carbon credit provision		4,000	980	(4,000)	-	980
Payment guarantee provision		1,111	817	-	(353)	1,575
Total		<u>₩15,078,914</u>	<u>₩3,581,392</u>	<u>₩(1,900,372)</u>	<u>₩(457,230)</u>	<u>₩16,302,704</u>

28. GOVERNMENTS GRANTS:

(1) Accounting for government grants

The Group recognizes the grant related to an asset as a deduction of the acquisition cost of such asset when it is acquired in accordance with Article 44 of the Korean Government-Owned and Quasi- Government Accounting Regulations and Standards.

(2) Details of government grants as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

Description	December 31, 2023	December 31, 2022
Cash and cash equivalents	₩232,273	₩230,423
Non-current financial assets	278	278
Land (property, plant and equipment)	1,667	1,667
Buildings (property, plant and equipment)	13,410	13,727
Vehicles (property, plant and equipment)	-	-
Tools and equipment (property, plant and equipment)	3,144	3,297
Construction in progress (property, plant and equipment)	-	-
Buildings (rental housing- investment properties)	252,147	214,251
Construction in progress (rental building- investment properties)	4,847	7,546
Construction in progress (rental housing - investment properties)	22,065	41,583
Construction in progress (rental land- investment properties)	4,000	-
Lands (rental) for industrial complex	37,800	37,800
Development costs (intangible asset)	187	229
Intangible assets in development (intangible asset)	-	-
Current portion of long-term borrowings	1,813	1,886
Long-term borrowings	10,831,841	10,977,519
Total	₩11,405,472	₩11,530,206

(3) Changes in government grants for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023						
	Beginning	Receipt	Acquisition	Amortization	Revenue	Other	Ending
Cash and cash equivalents	₩ 230,423	₩ 191,790	₩ (26,268)	₩ -	₩ (163,672)	₩ -	₩ 232,273
Non-current financial assets	278	-	-	-	-	-	278
Land (PPE)	1,667	-	-	-	-	-	1,667
Buildings (PPE)	13,727	-	-	(317)	-	-	13,410
Vehicles (PPE)	-	-	-	-	-	-	-
Tools and equipment (PPE)	3,297	-	-	(191)	-	38	3,144
Construction in progress (PPE)	-	-	-	-	-	-	-
Buildings (rental housing- investment properties)	214,251	-	44,485	(6,589)	-	-	252,147
Construction in progress (rental building- investment properties)	7,546	-	(2,699)	-	-	-	4,847
Construction in progress (rental housing- investment properties)	41,583	-	(19,518)	-	-	-	22,065
Construction in progress (rental land- investment properties)	-	-	4,000	-	-	-	4,000
Lands (rental) for industrial complex	37,800	-	-	-	-	-	37,800
Development costs (intangible asset)	229	-	-	(42)	-	-	187
Intangible assets in development (intangible asset)	-	-	-	-	-	-	-
Current portion of long-term borrowings	1,886	-	-	-	-	(73)	1,813
Long-term borrowings	10,977,519	-	-	-	-	(145,678)	10,831,841
Total	₩ 11,530,206	₩ 191,790	₩ -	₩ (7,139)	₩ (163,672)	₩ (145,713)	₩ 11,405,472

	December 31, 2022						
	Beginning	Receipt	Acquisition	Amortization	Revenue	Other	Ending
Cash and cash equivalents	₩ 130,006	₩ 284,039	₩ (19,544)	₩ -	₩ (164,078)	₩ -	₩ 230,423
Non-current financial assets	277	-	-	-	-	1	278
Land (PPE)	1,667	-	-	-	-	-	1,667
Buildings (PPE)	14,045	-	-	(318)	-	-	13,727
Vehicles (PPE)	-	-	-	-	-	-	-
Tools and equipment (PPE)	4,011	-	-	(685)	-	(29)	3,297
Construction in progress (PPE)	1,240	-	-	-	-	(1,240)	-
Buildings (rental housing- investment properties)	183,922	-	4,725	(6,401)	-	32,005	214,251
Buildings (rental building- investment properties)	-	-	7,546	-	-	-	7,546
Construction in progress (investment properties)	34,410	-	7,173	-	-	-	41,583
Lands (rental) for industrial complex	37,800	-	-	-	-	-	37,800
Development costs (intangible asset)	165	-	100	(36)	-	-	229
Intangible assets in development (intangible asset)	-	-	-	-	-	-	-
Current portion of long-term borrowings	2,037	-	-	-	-	(151)	1,886
Long-term borrowings	8,958,935	-	-	-	-	2,018,584	10,977,519
Total	₩ 9,368,515	₩ 284,039	₩ -	₩ (7,440)	₩ (164,078)	₩ 2,049,170	₩ 11,530,206

(4) Details of government grants recognized for the years ended December 31, 2023 and 2022 are as follows
(in millions of Korean won):

Description	2023	2022
Sales	₩ 163,672	₩ 164,077
Depreciation offset	7,139	7,441
Total	₩ 170,811	₩ 171,518

29. SPECIFIED BUSINESS

Details of government grants by specified business for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023(*1)													
Department	Business detail	Period	Budget	Carried over from prior year	Grant	Interest	Execution	Return	Other		Carried over to subsequent year			
Ministry of Land, Infrastructure and Transport	Grant for housing loans(*2)	2023.1.1~2023.12.31	₩ 111,840	₩ -	₩ 113,398	₩ 70	₩ (107,232)	₩ (6,236)	₩ -		₩ -	-		
Ministry of Land, Infrastructure and Transport	Grant for housing loans (purchased rental housing)	2023.1.1~2023.12.31	4,000	-	4,000	7	(3,965)	(42)	-		-	-		
Ministry of Land, Infrastructure and Transport	Residence benefit	2023.1.1~2023.12.31	29,850	-	29,850	7	(29,850)	(13)	6		-	-		
Ministry of Land, Infrastructure and Transport	Support for residence benefit (self-improvement additional expense)	2023.1.1~2023.12.31	4,789	-	4,789	2	(4,789)	(4)	2		-	-		
Ministry of Land, Infrastructure and Transport	Activate green remodeling	2023.1.1~2023.12.31	140,000	-	-	-	-	-	-		-	-		
Ministry of Land, Infrastructure and Transport	Support for residence benefit(non-residential)	2023.7.11~2024.7.10	5,000	-	2,024	-	(2,024)	-	-		-	-		
Local Government	Daejeon industrial complex renewal business	2023.1.1~2023.12.31	11,123	11,304	-	39	-	-	-		11,343			
Local Government	Dongducheon National Industrial Complex Development	2023.1.1~2023.12.31	10,000	10,023	-	24	(2,249)	-	-		7,798			
Local Government	Jeonju Carbon National Industrial Complex Development	2023.1.1~2023.12.31	31,000	17,686	6,667	122	-	-	-		24,475			
Local Government	Yeongcheon High-tech Park Development	2023.1.1~2023.12.31	19,300	1,822	4,000	16	(2,000)	-	-		3,838			
Local Government	Tailored to local needs	2023.1.1~2023.12.31	4,653	5,673	2,157	27	(14)	-	-		7,843			
Ministry of Land, Infrastructure and Transport	Campus Innovation Park	2023.1.1~2023.12.31	119,820	34,452	17,786	39	(36,926)	-	-		15,351			
Local Government	Happy housing	2023.1.1~2023.12.31	9,153	21,577	9,153	129	(3,205)	-	-		27,654			
Local Government	Gyeongnam cooperation	2023.1.1~2023.12.31	11,948	-	11,948	35	-	-	-		11,983			
Ministry of Land, Infrastructure and Transport	Permanent rental housing welfare worker placement	2023.1.1~2023.12.31	3,920	-	2,482	3	(2,351)	-	-		134			

(*1) Specified business grant (quoting from the business settlement verification report) may have some differences because of the difference between closing date (December 31) and settlement date (the end of February of next year).

(*2) The cumulative balance of housing loans directly executed by the Housing City Fund according to the business settlement verification report is as follows;

- ₩ 12,832.7 billion for the year ended December 31, 2018, ₩ 15,377.7 billion for the year ended December 31, 2019, ₩ 17,253.2 billion for the year ended December 31, 2020, ₩ 18,805.8 billion for the year ended December 31, 2021, ₩ 20,825.0 billion at the end of 2022 and ₩ 23,130.9 billion at the end of 2023

2022

Department	Business detail	Period	Budget	Carried over from prior year	Grant	Interest	Execution	Return	Other	Carried over to subsequent year
Ministry of Land, Infrastructure and Transport	Grant for housing loans	2022.1.1 ~ 2022.12.31	₩ 119,795	₩ -	₩ 119,795	₩ 53	₩ (117,719)	₩ (2,130)	₩ -	₩ -
Ministry of Land, Infrastructure and Transport	Grant for housing loans (purchased rental housing)	2022.1.1 ~ 2022.12.31	3,680	-	3,680	6	(3,520)	(165)	-	-
Ministry of Land, Infrastructure and Transport	Residence benefit	2022.1.1 ~ 2022.12.31	29,851	-	29,850	7	(29,850)	(13)	6	-
Ministry of Land, Infrastructure and Transport	Support for residence benefit (self-improvement additional expense)	2022.1.1 ~ 2022.12.31	4,789	-	4,789	1	(4,789)	(3)	2	-
Ministry of Land, Infrastructure and Transport	Activate green remodeling	2022.1.1 ~ 2022.12.31	140,000	-	14,033	-	(14,033)	-	-	-
Ministry of Land, Infrastructure and Transport	Support for residence benefit(non-residential)	2021.4.19 ~ 2022.5.2	5,000	-	5,000	11	(4,928)	(82)	-	-
Local Government	Daejeon industrial complex renewal business	2022.1.1 ~ 2022.12.31	11,123	11,270	-	34	-	-	-	11,304
Local Government	Dongducheon National Industrial Complex Development	2022.1.1 ~ 2022.12.31	10,000	5,004	5,000	19	-	-	-	10,023
Local Government	Jeonju Carbon National Industrial Complex Development	2022.1.1 ~ 2022.12.31	31,000	-	17,666	20	-	-	-	17,686
Local Government	Yeongcheon High-tech Park Development	2022.1.1 ~ 2022.12.31	19,300	-	3,582	4	(1,791)	-	27	1,822
Local Government	Tailored to local needs	2022.1.1 ~ 2022.12.31	2,496	5,921	2,497	24	(2,740)	(30)	-	5,673
Ministry of Land, Infrastructure and Transport	Campus Innovation Park	2022.1.1 ~ 2022.12.31	119,820	-	34,441	12	-	-	-	34,452
Local Government	Happy housing	2022.1.1 ~ 2022.12.31	11,417	12,629	11,417	67	(2,534)	(2)	-	21,577

(*) Specified business grant (quoting from the business settlement verification report) may have some differences because of the difference between closing date (December 31) and settlement date (the end of February of next year).

30. CONSIGNMENT BUSINESS:

(1) Unappropriated funds from consignment and Accounting for consignment

As a quasi-government agency specialized in compensation for land, the Group complies with the New Land Expropriation Act and pays to land owners compensation consigned by public project promoters. In accordance with Article 48 of Korean Government-owned and Quasi-Government Accounting Regulation and Standards, the revenue is recognized in response to expenses incurred at the time of execution, and is recognized as a total amount with offsetting. In accordance with Article 44, section 1 of the same standards, the Group records unexecuted and scheduled to be returned funds as cash and cash equivalents.

(2) Details of unappropriated funds from consignment business as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

Description	December 31, 2023	December 31, 2022
Cash and cash equivalents	₩579,894	₩554,706

(3) Changes in unappropriated funds from consignment revenue for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

		2023				
	Counterpart	Beginning	Receipt	Execution	Others(*)	Ending
Cash and cash equivalents	Government	₩554,706	₩303,650	₩(278,462)	₩ -	₩579,894

		2022				
	Counterpart	Beginning	Receipt	Execution	Others(*)	Ending
Cash and cash equivalents	Government	₩442,276	₩256,667	₩(144,237)	₩ -	₩554,706

(*) The amount changes due to the classification adjustment of consignment revenue is indicated separately.

(4) Details of the revenue and expense from consignment business for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won)

	December 31, 2023		December 31, 2022	
	Consignment business revenue	Consignment business expense	Consignment business revenue	Consignment business expense
Consignment of compensation for land	₩2,401	₩ 1,716	₩39,104	₩ 314
Project consignment business	276,061	277,308	105,133	109,015
Total	₩278,462	₩279,024	₩144,237	₩109,329

31. CONTRIBUTIONS OF CONSTRUCTION

Details of deferred contributions of construction for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Beginning	₩ 64,401	₩ 63,926
Increase	6,927	5,209
Offset	(5,069)	(4,734)
Ending	₩66,259	₩64,401

32. NON-FINANCIAL LIABILITIES:

Details of non-financial liabilities as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Advance receipts	₩ 20,067	₩ 32,591	₩ 19,743	₩ 31,335
Advances from housing sales	16,535,552	-	15,927,239	-
Deferred revenue from construction contracts	-	66,260	-	64,401
Withholdings	1,763,373	-	1,862,389	-
Other unearned revenues	990,842	-	909,788	-
Others	107,888	16,898	121,244	20,577
Due to customers for construction contracts	1,025	-	104,237	-
Total	₩19,418,747	₩115,749	₩18,944,640	₩116,313

33. ISSUED CAPITAL:

(1) Details of issued capital as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023			December 31, 2022		
	Government	Non-government	Total	Government	Non-government	Total
Common shares	₩40,783,403	₩5,654,465	₩46,437,868	₩38,936,118	₩4,689,496	₩43,625,614

(*) The additional investment in Housing and Urban Fund in 2023 and 2022, increased the capital by ₩2,822,253 million and ₩3,626,197 million, respectively.

(2) Details of discounts on stocks issuance as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023	December 31, 2022
Discounts on stocks issuance	₩(13,547)	₩(19,680)

(*) The Company accounts for related issuance costs, such as registration fees incurred when issuing investment securities, as stock discount issuance differences and amortizes them as surplus disposal.

(3) Details of government contributions which have been settled in 2023 and which will be settled in the future are as follows (in millions of Korean won):

	Settled in 2023		To be settled in 2024	
	Amounts	# of households	Amounts	# of households
National Housing	₩ (72,818)	(4,651)	₩ (135,300)	(5,386)
Permanent Rental housing	-	-	(8,100)	(212)
Happy Housing	(29)	(1)	(45,600)	(3,249)
Integrated public rental housing	(18,055)	(1,685)	(150,000)	(11,576)
Total	₩ (90,902)	(6,337)	₩ (339,000)	(20,423)

34. RETAINED EARNINGS(Separate):

(1) Details of the retained earnings as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023	December 31, 2022
Legal reserve (*)	₩ 6,145,569	₩ 5,841,983
Other legal reserve	16,942,200	16,041,681
Unappropriated retained earnings	<u>536,384</u>	<u>1,517,927</u>
Total	<u>₩ 23,624,153</u>	<u>₩ 23,401,591</u>

(*) According to the Korea Land & Housing Corporation Act, an amount equal to at least 20% of net income is required to be appropriated as a legal reserve, until the reserve equals 50% of issued capital. The legal reserve cannot be utilized for cash dividends, but may only be used to offset a deficit, if any, or be transferred to capital.

(2) Details of other legal reserve as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023	December 31, 2022
Reserve for business expansion	₩ 8,256,717	₩ 7,963,368
Reserve for bank of land	<u>8,685,483</u>	<u>8,078,313</u>
Total	<u>₩ 16,942,200</u>	<u>₩ 16,041,681</u>

(3) Changes in retained earnings for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Beginning	₩ 23,401,591	₩ 22,740,823
Net profit for the period	539,473	1,470,705
Dividends	(294,142)	(837,792)
Amortization of discounts on stocks issuance	(19,680)	(19,367)
Remeasurements of defined benefit liabilities	<u>(3,089)</u>	<u>47,222</u>
Ending	<u>₩ 23,624,153</u>	<u>₩ 23,401,591</u>

35. STATEMENTS OF APPROPRIATION OF RETAINED EARNINGS(Separate) :

Statements of appropriation of retained earnings for the years ended December 31, 2023 and 2022 are as follows
(in millions of Korean won):

	2023	2022
Beginning of the year	₩ -	₩ -
Net income for the year	539,473	1,470,705
Changes in retained earnings carried forward from the previous year	-	-
Remeasurements of defined benefit liabilities	(3,089)	47,222
Gain (loss) on disposal of financial assets-FVOCI	-	-
Gain (loss) on valuation of financial assets-FVOCI	-	-
I . Unappropriated retained earnings	536,384	1,517,927
II . Transfers	-	-
Earned surplus reserve	107,277	303,585
Reserve for business extension	93,652	293,349
Reserve for bank of land	214,553	607,171
Amortization of discounts on stock issuance	13,547	19,680
Dividends	107,355	294,142
III. Appropriations	536,384	1,517,927
IV. Unappropriated retained earnings to be carried forward to following year	₩ -	₩ -

36. OTHER COMPONENTS OF EQUITY:

(1) Other components of equity as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
OCI	<u>₩12,778</u>	<u>₩50,378</u>

(2) Other components of equity, included in OCI, as of December 31, 2023 and 2022, are as follows (in millions of Korean won):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unrealized loss from cash flow hedges	₩907	₩33,225
OCI of equity method investees	9,439	14,376
Gain on valuation of financial assets-FVOCI	2,869	3,077
Exchange losses from foreign operation	<u>(437)</u>	<u>(300)</u>
Total	<u>₩12,778</u>	<u>₩50,378</u>

37. REVENUE:

Revenue from continuing operations of the Group for the years ended December 31, 2023 and 2022, except other income and expenses, finance income and costs are as follows (in millions of Korean won):

	<u>2023</u>	<u>2022</u>
<u>Sales of goods:</u>		
Revenue from sales of land	₩ 6,572,135	₩12,029,462
Revenue from sales of housing units	<u>4,815,776</u>	<u>5,379,918</u>
Subtotal	<u>11,387,911</u>	<u>17,409,380</u>
<u>Rendering of services:</u>		
Revenue from rental real estate	1,646,413	1,531,728
Revenue from government grants	163,672	164,078
Revenue from consignment business	278,462	144,237
Other revenue	<u>407,514</u>	<u>376,868</u>
Subtotal	<u>2,496,061</u>	<u>2,216,911</u>
Total	<u>₩13,883,972</u>	<u>₩19,626,291</u>

38. COST OF SALES:

Details of cost of sales for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023	December 31, 2022
Land	₩ 4,614,731	₩ 8,843,016
Housing	3,969,455	4,232,927
Real estate rent	3,870,255	3,467,972
Government grants	177,722	193,514
Consignment business	279,024	109,329
Other operating expenses	343,978	347,798
Total	₩13,255,165	₩17,194,556

39. EMPLOYMENT EXPENSES(Seperate):

(1) Details of salaries, pension benefits and welfare benefits for the years ended December 31, 2023 and 2022, are as follows (in millions of Korean won):

2023			
	Selling and administrative expenses (maintenance and operation expenses)	Cost of sales (direct business costs)	Total
Salaries	₩128,167	₩417,120	₩545,287
Pension benefits	17,034	44,851	61,885
Severance pay	8,352	-	8,352
Welfare benefits	40,454	44,679	85,133
2022			
	Selling and administrative expenses (maintenance and operation expenses)	Cost of sales (direct business costs)	Total
Salaries	₩128,850	₩446,635	₩575,485
Pension benefits	18,274	53,393	71,667
Severance pay	9,289	-	9,289
Welfare benefits	37,259	42,475	79,734

(2) Details of salaries, pension benefits and welfare benefits not involving cash outflows for the years ended December 31, 2023 and 2022, are as follows (in millions of Korean won):

	Type	2023	2022
Salaries	Expenses involving cash outflows	₩576,260	₩599,604
	Expenses not involving cash outflows	<u>(30,973)</u>	<u>(24,119)</u>
	Total	<u>₩545,287</u>	<u>₩575,485</u>
Pension benefits	Expenses involving cash outflows	₩ -	₩ -
	Expenses not involving cash outflows	<u>61,885</u>	<u>71,667</u>
	Total	<u>₩ 61,885</u>	<u>₩ 71,667</u>
Welfare benefits	Expenses involving cash outflows	₩ 85,133	₩ 79,734
	Expenses not involving cash outflows	<u>-</u>	<u>-</u>
	Total	<u>₩ 85,133</u>	<u>₩ 79,734</u>

40. EMPLOYEES WELFARE BENEFITS(Separate):

Details of employee welfare benefits for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023		2022	
	Selling and administrative expenses	Cost of sales	Selling and administrative expenses	Cost of sales
Employee benefits (included in salaries):				
Education expenses for dependents	₩ 355	₩ -	₩ 289	₩ -
Employee benefits (not included in salaries):				
Medical examinations	892	1,317	601	1,149
Unemployment insurance	5,447	4,726	4,718	4,319
National Pension Fund	11,384	9,532	11,302	9,554
Night shift pay	392	51	385	68
Operating expenses for nursery facilities	-	2,229	-	2,272
Occupational health and safety facilities	2,152	2,065	2,062	1,951
Operating expenses for restaurant	2,743	2,797	2,122	1,921
Medical insurance	12,047	10,554	10,860	9,935
Workers' compensation	86	-	34	-
Operating expenses for fitness center	1,405	4,964	1,217	4,080
Sports event expenses	125	-	213	-
Childbirth bonus	240	74	208	57
Overtime meal expenses	1,419	2,142	1,343	1,710
Special event expenses	107	9	48	95
Others	1,660	4,219	1,857	5,364
Total	₩ 40,454	₩ 44,679	₩ 37,259	₩ 42,475

41. OTHER SELLING AND ADMINISTRATIVE EXPENSES:

Other selling and administrative expenses for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Expense for reward	₩ 1,807	₩ 513
Registration and litigation costs	2,745	7,557
Research expenses	18,964	18,066
Others	2,689	4,620
Total	<u>₩26,205</u>	<u>₩30,756</u>

42. OTHER INCOMES AND EXPENSES:

(1) Details of other revenues for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other revenue (lapse of the period for advance receipts)	₩ 850,368	₩476,900
Interest from long-term government grants	277,466	257,334
Gain on cancellation of sales	-	-
Other revenue (interest of advances from land sales)	33,323	6,152
Other revenue (interest of advances from housing sales)	1,223	386
Other miscellaneous revenue	148,302	57,972
Total	<u>₩1,310,682</u>	<u>₩798,744</u>

(2) Details of other expenses for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Other expenses (lapse of the period for advance payments)	₩ 1,767	₩ 1,754
Amortization of premium of long-term borrowings	277,466	257,334
Loss on cancellation of sales	48,979	6,677
Loss on renovations	98	728
Other miscellaneous loss	29,957	71,408
Total	<u>₩358,267</u>	<u>₩337,901</u>

43. OTHER INCOME (LOSSES):

Details of other income (losses) for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Loss on cancellation of business	₩(13,147)	₩(29,966)

44. FINANCE INCOME:

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

	2023	2022
Interest income	₩410,109	₩359,101
Dividends	582	959
Gain on disposal of financial assets	2,501	27
Gain on valuation of financial assets	53,385	19,566
Gain on foreign currency translation	43	216
Gain on foreign currency transactions	161	61
Other finance income	1,767	1,754
Total	<u>₩468,548</u>	<u>₩381,684</u>

(2) Details of interest income recognized as finance income for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Cash and cash equivalents	₩ 1,391	₩ 1,101
Loans and receivables	1,248	451
Short-term financial instruments	181,274	179,889
Other financial instruments	17,893	18,168
Trade and other receivables	208,303	159,492
Total	<u>₩410,109</u>	<u>₩359,101</u>

45. FINANCE COSTS:

- (1) Details of finance costs for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Interest expense	₩ 184,287	₩ 146,393
Loss on disposal of financial assets	1	65,376
Loss on valuation of financial assets-FVPL	5	24,730
Loss on foreign currency translation	25	33
Loss on foreign currency transaction	13	12
Other finance costs	850,368	476,900
Total	₩1,034,699	₩ 713,444

- (2) Details of interest expense recognized as finance costs for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Short-term borrowings	₩ 81,190	₩ 44,945
Long-term borrowings	888,310	849,007
Bonds	1,081,266	972,398
Other financial liabilities	79,763	66,015
Lease liabilities	2,168	852
Subtotal	2,132,697	1,933,217
Less: Capitalized borrowing costs	(1,222,956)	(1,098,544)
Less: Transferred to other costs	(725,454)	(688,280)
Total	₩184,287	₩146,393

- (3) Details of interest expense recognized as expenses for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Cost of sales:		
Included in product cost	₩ 960,339	₩ 1,492,627
Paid for rental business	725,454	688,280
Finance cost:		
Interest expense	184,287	146,393
Total	₩ 1,870,080	₩ 2,327,300

- (*) Interest expense included in the cost of sales from 2018 to 2021 is as follows:

- ₩ 1,302.5 billion for year ended December 31, 2018, ₩ 1,769.4 billion for year ended December 31, 2019,
₩ 1,726.9 billion for year ended December 31, 2020, ₩ 1,950.0 billion for year ended December 31, 2021

46. INCOME TAX EXPENSE REGARDING CONTINUING BUSINESS:

- (1) The major components of the income tax expense for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Current income tax	₩ 64,112	₩822,690
Adjustments from prior years	171,002	20,226
Items charged directly to equity	15,804	(25,680)
Deferred income tax by temporary differences	129,506	(251,860)
Income tax expense	<u>₩380,424</u>	<u>₩565,376</u>

- (2) Reconciliations of income tax expense and accounting income before income tax expense for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
① Profit before income tax expense	₩896,257	₩1,998,096
② Tax charge at the tax rate	218,733	538,592
③ Adjustments:		
Non-taxable income	(12,712)	(919)
Non-deductible expenses	3,283	7,930
Tax benefits	23	(30)
Others	95	(423)
Adjustments from prior years	171,002	20,226
④ Subtotal	<u>161,691</u>	<u>26,784</u>
⑤ Income tax expense (=②+④)	<u>₩380,424</u>	<u>₩ 565,376</u>
Effective tax rate	<u>42.45%</u>	<u>28.30%</u>

- (3) Details of income taxes recognized in OCI for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Net gain (loss) on cash flow hedges	₩12,277	₩ (6,410)
Remeasurements of defined benefit liabilities	1,579	(18,715)
Equity adjustments under equity method	1,873	315
Gain (loss) on valuation of financial assets-FVOCI	75	(870)
Total	<u>₩15,804</u>	<u>₩(25,680)</u>

(4) Changes in deferred income tax assets and liabilities for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023			
	Beginning	Income tax expenses	OCI	Ending
Deferred income taxes on temporary differences:				
Cash flow hedges	₩ (12,603)	₩ -	₩ 12,278	₩ (325)
Investments in associates	59,940	11,177	1,873	72,990
Property, plant and equipment	106,815	141,206	-	248,021
Intangible assets	4,239	(376)	-	3,863
Deferred revenue	(22,151)	395	-	(21,756)
Provisions	251,374	(2,634)	1,578	250,318
Other financial liabilities	14,719	(1,506)	-	13,213
Other non-financial liabilities	3,506,562	(297,482)	-	3,209,080
Inventories	(1,262,533)	(565,356)	-	(1,827,889)
Investment properties	(1,353,040)	69,548	-	(1,283,492)
Others	52,067	(21,650)	75	30,492
Total	₩1,345,389	₩(666,678)	₩15,804	₩694,515

	2022			
	Beginning	Income tax expenses	OCI	Ending
Deferred income taxes on temporary differences:				
Cash flow hedges	₩ (6,193)	₩ -	₩ (6,410)	₩ (12,603)
Investments in associates	42,792	16,833	315	59,940
Property, plant and equipment	(52,030)	158,845	-	106,815
Intangible assets	4,636	(397)	-	4,239
Deferred revenue	(22,020)	(131)	-	(22,151)
Provisions	277,623	(7,534)	(18,715)	251,374
Other financial liabilities	2,264	12,455	-	14,719
Other non-financial liabilities	3,319,556	187,006	-	3,506,562
Inventories	(1,182,633)	(79,900)	-	(1,262,533)
Investment properties	(1,388,782)	35,742	-	(1,353,040)
Others	30,884	22,053	(870)	52,067
Total	₩1,026,097	₩344,972	₩(25,680)	₩1,345,389

(5) Details of deferred income tax assets and liabilities as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Deferred income tax assets	₩5,356,067	₩6,164,048
Deferred income tax liabilities	<u>4,661,552</u>	<u>4,818,659</u>
Total	<u>₩ 694,515</u>	<u>₩1,345,389</u>

47. ASSETS CLASSIFIED AS HELD-FOR-SALE:

Details of non-current assets classified as held-for-sale as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land (*1)	₩ 70,496	₩ 70,496
Buildings (*1)	<u>81,529</u>	<u>81,529</u>
Total	<u>₩ 152,025</u>	<u>₩ 152,025</u>

(*1) The Group has an active plan to dispose of its regional headquarters (including land, buildings and rental housing).

48. CLASSIFICATION BASED ON THE NATURE OF EXPENSE:

Details of classification based on the nature of expense for cost of sales and selling and administrative expenses for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023			
	Changes in inventories	Selling and administrative expenses	Cost of sales	Total
Changes in finished goods and work in process	₩(10,693,502)	₩ -	₩ -	₩ (10,693,502)
Use of raw materials and supplies	19,171,686	-	-	19,171,686
Contribution to employee welfare fund	-	60	-	60
Salaries	-	136,821	593,199	730,020
Retirement benefits	-	17,590	60,691	78,281
Severance benefits	-	8,352	-	8,352
Employee welfare benefits	-	41,554	70,364	111,918
Insurance premium	-	795	40,351	41,146
Depreciation	-	39,829	1,436,743	1,476,572
Amortization	-	14,300	364	14,664
Bad debts expense	-	2,310	-	2,310
Commissions	-	48,257	397,646	445,904
Advertising	-	20,555	11,449	32,004
Training	-	19,814	1,384	21,198
Vehicle maintenance	-	630	1,207	1,837
Publications	-	718	3,055	3,773
Business expenses	-	351	190	541
Rent	-	7,817	20,792	28,609
Communication	-	660	8,402	9,062
Freighting	-	34	113	147
Taxes and dues	-	70,895	86,698	157,593
Supplies	-	1,831	4,791	6,622
Utilities	-	4,195	10,174	14,369
Repairs and maintenance	-	3,848	1,271,251	1,275,099
Ordinary development expense	-	58,801	501	59,302
Travel expenses	-	4,814	27,629	32,443
Clothing expenses	-	546	3,729	4,275
Investigation and analysis	-	5,799	7,246	13,045
Membership dues	-	201	66	267
Sales promotion	-	28,859	-	28,859
Sales commissions	-	18,695	-	18,695
Others	-	26,204	718,945	745,149
Total	₩8,478,184	₩ 585,135	₩ 4,776,980	₩ 13,840,300

	2022			
	Changes in inventories	Selling and administrative expenses	Cost of sales	Total
Changes in finished goods and work in process	₩(12,784,358)	₩ -	₩ (657)	₩(12,785,015)
Use of raw materials and supplies	25,349,084	-	-	25,349,084
Contribution to employee welfare fund	-	20	-	20
Salaries	-	136,909	614,784	751,693
Retirement benefits	-	18,794	62,253	81,047
Severance benefits	-	9,289	4	9,293
Employee welfare benefits	-	38,335	66,117	104,452
Insurance premium	-	901	65,645	66,546
Depreciation	-	40,605	1,303,603	1,344,208
Amortization	-	14,122	286	14,408
Bad debts expense	-	42	-	42
Commissions	-	48,528	329,420	377,948
Advertising	-	19,828	8,917	28,745
Training	-	18,445	1,137	19,582
Vehicle maintenance	-	852	1,258	2,110
Publications	-	673	2,896	3,569
Business expenses	-	342	197	539
Rent	-	7,303	19,790	27,093
Communication	-	768	7,680	8,448
Freighting	-	30	54	84
Taxes and dues	-	99,003	98,274	197,277
Supplies	-	1,640	4,572	6,212
Utilities	-	3,530	126,540	130,070
Repairs and maintenance	-	3,763	1,048,148	1,051,911
Ordinary development expense	-	52,666	368	53,034
Travel expenses	-	3,999	23,819	27,818
Clothing expenses	-	1,186	2,742	3,928
Investigation and analysis	-	8,913	7,933	16,846
Membership dues	-	210	101	311
Sales promotion	-	33,665	-	33,665
Sales commissions	-	23,771	-	23,771
Others	-	30,756	833,949	864,705
Total	₩12,564,726	₩ 618,896	₩ 4,629,830	₩17,813,452

49. FINANCIAL INSTRUMENTS BY CATEGORY:

(1) Details of financial assets and financial liabilities by category as of December 31, 2023 and 2022 are as follows (in millions of Korean won).

1) Details of financial assets by category as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	December 31, 2023									
	Financial assets-FVPL		Financial assets-FVOCI		Financial assets at amortized cost		Derivatives assets at amortized cost		Total	
	Equity instru	Debt instru	Equity instru	Debt instru	Equity instru	Debt instru	Equity instru	Debt instru	Equity instru	Debt instru
Current:										
Cash and cash equivalents	₩	-	₩	-	₩	-	₩	-	₩	-
Financial assets-FVPL		-		3,358,875		-		-		3,358,875
Short-term loans		-		-		6		-		6
Short-term financial instruments		-		-		614,322		-		614,322
Derivative assets		-		-		-		25,153		25,153
Trade and other receivables		-		-		1,782,171		-		1,782,171
Total by category	₩	-	₩	3,358,875	₩	-	₩	-	₩	4,805,558
Non-current:										
Financial assets-FVPL	₩	5,304		652,904	₩	-	₩	-	₩	-
Financial assets-FVOCI		-		-		69,168		-		69,168
Financial assets-AC		-		-		-		-		-
Long-term loans		-		-		452,023		-		452,023
Long-term financial instruments		-		-		7,247		-		7,247
Derivative assets		-		-		-		145,554		145,555
Trade and other receivables		-		-		3,497,545		-		3,497,545
Non-current financial assets as Gov't grants		-		(278)		-		-		(278)
Total by category	₩	5,304		₩652,626	₩	69,168	₩	-	₩	3,956,815

(*) Government grants of non-current financial assets are the grants related to the acquisition of investment beneficiary certificates and have been reclassified as financial assets-FVPL since 2020, and, thus, have been adjusted to financial assets-FVPL.

December 31, 2022										
	Financial assets-FVPL		Financial assets-FVOCI		Financial assets at amortized cost	Derivatives assets at amortized cost	Total			
	Equity instru	Debt instru	Equity instru	Debt instru						
Current:										
Cash and cash equivalents	₩	-	₩	-	₩	-	₩2,759,753	₩	-	₩2,759,753
Financial assets-FVPL		-	4,111,233	-	-	-	-		-	4,111,233
Financial assets-AC		-	-	-	-	-	-		-	-
Short-term loans		-	-	-	-	15	-		-	15
Short-term financial instruments		-	-	-	-	518,165	-		-	518,165
Derivative assets		-	-	-	-	-	68,116		-	68,116
Trade and other receivables		-	-	-	-	1,136,641	-		-	1,136,641
Total by category	₩	-	₩4,111,233	₩	-	₩4,414,574	₩68,116		-	₩8,593,923
Non-current:										
Financial assets-FVPL	₩	5,299	₩1,274,520	₩	-	₩	-	₩	-	₩ 1,279,819
Financial assets-FVOCI		-	-	69,168	-	-	-		-	69,168
Financial assets-AC		-	-	-	-	-	-		-	-
Long-term loans		-	-	-	-	714,893	-		-	714,893
Long-term financial instruments		-	-	-	-	872	-		-	872
Derivative assets		-	-	-	-	-	177,333		-	177,333
Trade and other receivables		-	-	-	-	3,830,886	-		-	3,830,886
Non-current financial assets as Gov't grants		-	(278)	-	-	-	-		-	(278)
Total by category	₩	5,299	₩1,274,242	₩69,168	₩	-	₩4,546,651	₩177,333		₩6,072,693

(*) Government grants of non-current financial assets are the grants related to the acquisition of investment beneficiary certificates and have been reclassified as financial assets-FVPL since 2020, and, thus, have been adjusted to financial assets-FVPL.

2) Details of financial liabilities by category as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

December 31, 2023			
	Financial assets at amortized cost	Derivatives assets at amortized cost	Total
Current:			
Short-term borrowings	₩ 3,014,700	₩ -	₩ 3,014,700
Current-Long-term borrowings	317,440	-	317,440
Current-Bonds	3,333,237	-	3,333,237
Trade and other payables	19,255,537	-	19,255,537
Total by category	₩ 25,920,914	₩ -	₩ 25,920,914
Non-current:			
Long-term borrowings	₩ 45,082,426	₩ -	₩ 45,082,426
Bonds	36,534,020	-	36,534,020
Derivative liabilities	-	99,987	99,987
Trade and other payables	9,500,679	-	9,500,679
Total by category	₩ 91,117,125	₩ 99,987	₩ 91,217,112
December 31, 2022			
	Financial assets at amortized cost	Derivatives assets at amortized cost	Total
Current:			
Short-term borrowings	₩ 2,500,000	₩ -	₩ 2,500,000
Current-Long-term borrowings	436,240	-	436,240
Current-Bonds	3,363,907	-	3,363,907
Trade and other payables	17,251,683	-	17,251,683
Total by category	₩ 23,551,830	₩ -	₩ 23,551,830
Non-current:			
Long-term borrowings	₩ 44,859,552	₩ -	₩ 44,859,552
Bonds	30,456,050	-	30,456,050
Derivative liabilities	-	71,302	71,302
Trade and other payables	11,445,217	-	11,445,217
Total by category	₩ 86,760,819	₩ 71,302	₩ 86,832,121

- 3) Net gains and losses by financial instruments for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Cash and cash equivalents:		
Interest income	₩ 1,391	₩ 1,102
Gain (loss) on foreign currency transactions	149	49
Gain (loss) on foreign currency translation	18	183
Financial assets-FVPL:		
Gain (loss) on valuation	53,379	(5,163)
Gain (loss) on disposal	2,500	(65,349)
Financial assets at amortized costs:		
Interest income	408,718	358,000
Impairment loss	(9,752)	(3,556)
Other finance income	1,767	1,753
Financial assets-FVOCI:		
Dividends	581	959
Derivatives designated for hedges:		
Changes in OCI	(32,318)	16,898
Financial liabilities measured at amortized cost		
Interest expense	(2,132,696)	(1,933,218)
Capitalization of qualifying assets	1,222,956	1,098,544
Other cost of sales	725,454	688,280
Other financial costs	(850,368)	(476,900)
Total	₩ (608,221)	₩ (318,418)

50. **RISK MANAGEMENT:**

(1) Policy of risk management

The Group manages various risks that can occur in each business area. Main subjects are credit risk, market risk, interest risk and liquidity risk. These risks are recognized, measured, controlled and reported under the basic policy of risk management set by the Group.

(2) Capital risk management

The Group performs capital risk management to maintain the ability to continuously provide profits to shareholders and interested parties and to maintain optimum capital structure to reduce capital expenses.

In order to maintain such optimum structure, the Group may adjust dividend payments, redeem paid-up capital to shareholders, issue stocks to reduce liability or sell assets, etc.

The Group manages its capital structure by debt-equity ratio, which related companies in the industry uses. The Group's debt-equity ratio is calculated by dividing net liability, which is total liabilities less cash and cash equivalents, by equity. The equity is calculated by total equity plus net liabilities (in millions of Korean won).

	December 31, 2023	December 31, 2022
Total borrowings (A)	₩ 88,296,019	₩ 81,624,184
Deduction: Cash and cash equivalents (B)	2,409,059	2,759,753
Net liabilities (A-B=C)	85,886,960	78,864,431
Total equity (D)	70,009,569	67,031,642
Total net liabilities and equity (C+D=E)	₩155,896,529	₩145,896,073
Capital finance ratio (C/E)	55.1%	54.1%

(3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal, and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Details of the maturity profiles of the Group's financial liabilities as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

December 31, 2023						
	Book value	Less than 6 months	6-12 months	1-2 Years	2-5 Years	More than 5 years
Trade and other payables	₩28,756,216	₩ -	₩19,255,537	₩9,500,679	₩ -	₩ -
Borrowings and bond payables	88,296,019	2,173,378	1,992,919	5,720,081	14,095,061	64,314,580
Derivatives liabilities	99,987	-	-	-	-	99,987
Total	₩117,152,222	₩2,173,378	₩21,248,456	₩15,220,760	₩14,095,061	₩64,414,567

December 31, 2022						
	Book value	Less than 6 months	6-12 months	1-2 Years	2-5 Years	More than 5 years
Trade and other payables	₩28,696,900	₩ -	₩17,251,683	₩11,445,217	₩ -	₩ -
Borrowings and bond payables	81,624,184	1,896,762	2,104,202	4,032,292	9,347,250	64,243,678
Derivatives liabilities	71,302	-	-	-	-	71,302
Total	₩110,392,386	₩1,896,762	₩19,355,885	₩15,477,509	₩9,347,250	₩64,314,980

(4) Market risk

1) Foreign exchange risk

The Group manages the exchange rate risk through currency countermeasures and derivatives, such as forwards, under the exchange risk management regulation. The management of the Group has established policies for managing the foreign exchange risk about the functional currency. The Group has exposure to the exchange rate risk when the future forecast transition and recognized assets and liabilities are accounted in the currency other than the functional currency.

As of December 31, 2023 and 2022, financial assets and liabilities exposed to foreign exchange risk are as follows (in millions of Korean won):

	December 31, 2023	December 31, 2022
Financial assets in foreign currency	₩ 2,278	₩ 2,544
Financial liabilities in foreign currency	2,118,166	1,755,560

As of December 31, 2023 and 2022, if it would exchange rates fluctuate by 10% with all other variables held constant, the effects on profit or loss before income tax are as follows (in millions of Korean won):

	December 31 2023		December 31 2022	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Financial assets in foreign currency	₩ 228	₩ (228)	₩ 254	₩ (254)
Financial liabilities in foreign currency(*)	-	-	-	-
Net effect on profit or loss before income tax	₩228	₩ (228)	₩254	₩ (254)

(*) The Group enters into currency derivatives contract to avoid the risk of volatility in foreign exchange rates on its foreign currency financial liabilities.

2) Interest rate risk

Interest rate risk is the risk that the interest incomes and expenses from deposits or borrowings vary because of changes in future market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's deposits and borrowings with floating interest rates. The Group aims to minimize the unpredictability and the variation of the profit or loss caused by interest risk fluctuation. To mitigate interest rate risk, the Group manages interest rate risk proactively by improving the periodic debt structure, keeping the optimal debt ratio and preparing the countermeasures through monitoring the interest trends in domestic and international markets.

As of December 31, 2023 and 2022, there are no financial assets and financial liabilities exposed to floating interest rate risk.

As of December 31, 2023 and 2022, should interest rates of financial liabilities with variable interest rates fluctuate by 100 bp, there is no effect on profit or loss before income tax.

3) Other price risk

The Group's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The equity instruments are held for strategic purposes and not for selling or trading purposes. The Group does not deal or trade its equity instruments frequently.

(5) Hierarchy of fair value

1) Hierarchy of fair value of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of consolidated financial statements by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques that use inputs and have a significant effect on the recorded fair value that are not based on observable market data

2) Details of the financial instruments carried at fair value as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

		December 31, 2023			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets-FVPL (Current)	₩	-	₩	-	₩3,358,875
Financial assets-FVPL (Non- current)		-	-	657,930	657,930
Financial assets-FVOCI		-	-	69,168	69,168
Derivative assets		-	170,708	-	170,708
Total	₩	-	₩170,708	₩4,085,973	₩4,256,681
Financial liabilities:					
Derivative liabilities	₩	-	₩ 99,987	₩	-
Total	₩	-	₩ 99,987	₩	-
		December 31, 2022			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets-FVPL (Current)	₩	-	₩	-	₩4,111,233
Financial assets-FVPL (Non- current)		-	-	1,279,542	1,279,542
Financial assets-FVOCI		-	-	69,168	69,168
Derivative assets		-	245,449	-	245,449
Total	₩	-	₩245,449	₩5,459,943	₩5,705,392
Financial liabilities:					
Derivative liabilities	₩	-	₩ 71,302	₩	-
Total	₩	-	₩ 71,302	₩	-

51. TRANSACTION WITH GOVERNMENT AND PUBLIC INSTITUTIONS(Separate):

- (1) Details of transactions with Government and other public institutions for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	Business	Revenue	
		2023	2022
Government department	Revenue from sales of goods:	₩ 24,602	₩ 325,314
Local government	Revenue from sales of goods:	64,186	158,321
State-owned corporations	Revenue from sales of goods:	21,752	32,989
Quasi-governmental institutions	Revenue from sales of goods:	-	8,729
Other governmental institutions	Revenue from sales of goods:	-	27,054
Government department	Revenue from government grants	163,672	164,078
Government department	Revenue from consignment business	278,462	144,237
Korea Housing Management Co., Ltd.	Revenue from services provided	-	-
Total		₩ 552,674	₩ 860,722

	Business	Expenses	
		2023	2022
Korea Housing Management Co., Ltd.	Expense by services provided	₩ 74,619	₩ 64,964

- (2) Details of receivables and payables with related parties as of December 31, 2023 and 2022 are as follows (in millions of Korean won):

	Business	Receivable		Payables	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Government department	Trade and other receivables	₩ 12,504	₩ 3,492	₩ -	₩ -
	Current non-financial assets	-	-	-	-
	Current trade payables	-	-	480	-
	Government grants	-	-	232,273	230,423
Local government	Trade and other receivables	3,279	6,881	-	-
	Current non-financial assets	1,393	2,178	-	-
	Current trade payables	-	-	-	-
	Consignment	-	-	11,794	13,768
State-owned corporations	Trade and other receivables	116	43	-	-
	Current non-financial assets	84,269	84,403	-	-
	Current trade payables	-	-	-	2,559
Quasi- governmental institutions	Trade and other receivables	2,458	29	-	-
	Current non-financial assets	137	776	-	-
	Current trade payables	-	-	3,031	19,918
Non-classified public institutions	Trade and other receivables	-	-	-	-
	Current non-financial assets	1,168	820	-	-
	Current trade payables	-	-	123	242
Total		₩ 105,324	₩ 98,622	₩ 247,701	₩ 266,910

52. RELATED PARTY TRANSACTIONS:

(1) The Group's major related parties as of December 31, 2023 are as follows:

<u>Relationship</u>	<u>Related party</u>
Ultimate parent entity	Government of the Republic of Korea
Subsidiaries	Korea Housing Management Co., Ltd., Hannuri Co., Ltd., etc.
Associates	Smart City Co., Ltd., etc.

(2) The Group has no significant transactions with related parties for the years ended December 31, 2023 and 2022.

(3) The Group has no outstanding receivables and payables except for borrowings and loans with related parties as of December 31, 2023 and 2022.

(4) Loans from related parties as of December 31, 2023 and 2022 are as follows (in millions Korean won):

	<u>Related party</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
National housing fund	Ministry of Land Transport and Maritime Affairs	₩45,399,765	₩45,089,443

(5) Compensations for key management personnel for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	₩818	₩937
Total	<u>₩818</u>	<u>₩937</u>

53. NON- CASH TRANSACTIONS:

- (1) Details of significant transactions not involving cash flows for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023	2022
Transfer of current portion of long-term borrowings	₩ 317,440	₩ 436,241
Transfer of current portion of bonds payable	3,333,237	3,363,907
Reclassification of investment properties to inventories and others	778,238	3,812,164
Offsetting of long-term borrowing to loans	79,417	171,277

- (2) Changes in liabilities arising from financial activities for the years ended December 31, 2023 and 2022 are as follows (in millions of Korean won):

	2023				December 31, 2023
	January 1, 2023	Cash flow	Exchange rate change	Others	
Borrowings	₩47,795,792	₩ 698,191	₩ -	₩ (79,417)	₩48,414,566
Bonds	33,819,957	6,129,948	1,442	(84,090)	39,867,257
Total	₩81,615,749	₩ 6,828,139	₩ 1,442	₩ (163,507)	₩88,281,823

	2022				December 31, 2022
	January 1, 2022	Cash flow	Exchange rate change	Others	
Borrowings	₩ 42,474,342	₩ 5,492,728	₩ -	₩ (171,277)	₩47,795,792
Bonds	32,747,129	1,077,367	109,241	(113,779)	33,819,957
Total	₩ 75,221,471	₩ 6,570,095	₩ 109,241	₩ (285,056)	₩81,615,749

54. COMMITMENTS AND CONTINGENCIES:

- (1) The Group has entered into an agreement to guarantee the purchase of unsold apartments that Third-Party Managed REIT for Development of Public Rental Housing (NHF No.1~No.16) will own upon the completion of construction and subsequent lease and sale in accordance with Housing Act and related laws. However, the final effects from this agreement cannot be reasonably estimated as of December 31, 2023.
- (2) The Group has entered into an agreement to guarantee the discounted purchase of unsold apartments that a house development and real estate investment trusts company (7 companies, e.g. Incheon Geomdan etc.) will own upon the completion of construction and subsequent sale in accordance with Housing Act and related laws. However, the final effects from this agreement cannot be reasonably estimated as of December 31, 2023.
- (3) The Group has entered into an agreement with the provincial government of Gyeonggi-do and Seongnam City municipal government on the Pangyo-district joint implementation project. According to the agreement, the excess returns are agreed to be reinvested if the actual return on investment (ROI) earned by the Group exceeds the reasonable ROI of comparable entities. Accordingly, the Group records the estimated excess returns as cost of sales and other current liabilities as of December 31, 2023.
- (4) The Group has entered into an agreement to guarantee the purchase of unsold apartments that Zero-Energy Third-Party Managed REIT No. 2 for Public Rental Housing will own upon the completion of construction and subsequent lease and sale in accordance with special Act on Housing and related laws. However, the final effects from this agreement cannot be estimated as of December 31, 2023.
- (5) The Group has entered into agreements for returning cancellation agreements with financial institutions until the amount to be refunded to the buyer when canceling the contract-related intermediate payment in accordance with the real estate sale contract.
- (6) As of December 31, 2023, the Group is involved in a total of 1,566 pending litigations with total claims against the Group amounting to ₩2,359,918 million. Accordingly, the Group provides a contingent reserve for the outflow of economic resources as a result of legal settlements. The management of the Group utilizes reasonable methods in approximating the provision for such reserve.
- (7) As a matter of KMIC Joint Venture Agreement (JVA), the Group has agreed to a payment guarantee for the amount according to the cash capital investment ratio (currently 66.67%) among the loans from financial institutions necessary for the formation of KMIC in the future. The exact amount and timing of payment cannot be specified at this time.

- (8) In accordance with Special Act on Public Housing and related laws, the Group has entered into an agreement to guarantee the purchase of a house that is expected to construct by the private sector or is under construction for use as a rental housing as follows (in millions of Korean won):

	December 31, 2023	December 31, 2022
Private housing purchase agreement	₩ 3,297,509	₩ 5,101,675

- (9) Details of agreements with institutions-related loan agreement and performance guarantee, etc. as of December 31, 2023 are as follows (in millions of Korean won):

Agreement	financial institutions	Limit	Loan Execution	Remarks
Loan arrangement	Woori Bank	₩ 450,000	₩ -	Checking loan
	KEB Hana Bank	150,000	-	Checking loan
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	300,000	300,000	Bill discount
	KEB Hana Bank	300,000	300,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	Hana Financial Investment	300,000	300,000	Bill discount
	Hana Financial Investment	200,000	200,000	Bill discount
	Shinhan Bank	200,000	200,000	Bill discount
	Woori Investment Bank	100,000	100,000	Bill discount
Guarantee	Seoul Guarantee Insurance, etc	468,506	468,506	License and deposit
Guarantee	KB Kookmin Bank	2,469	2,469	Kuwait new town service
Total		₩ 4,070,975	₩ 3,470,975	

- (10) Details of debt guarantees and guarantees provided by the Group for others are as follows (in millions of Korean won or in thousands of foreign currencies):

1) Debt guarantees

Guarantee provider	Warrantee	Institution	Period	Amount
Korea Land & Housing Corporation (*)	VTK HUNG YEN IP Co.,LTD	Busan Bank, Global Infra Venture Fund	2022.03.07 ~ 2026.03.06	USD 11,103

(*) The Company has an obligation to supply funds (subordinated loans) for default.

Guarantee provider	Warrantee	Institution	Period	Amount
Hannuri(*1)	Hannuri Energy	Hyundai Asan	2009.06.22 – 2028.09.11	₩600
Hannuri(*2)	Hannuri Energy	E1	2010.05.20 – 2028.07.25	₩ 70

(*1) Joint guarantees for the return of the deposit about gas station operation outsourcing.

(*2) Joint guarantees for the return of the deposit about gas station filling operation outsourcing.

2) Guarantees

Guarantee provider	Warrantee	Commencement	Amount of collateral
		date	
Hannuri(*1)	Korea EXIM Bank	2016.03.30	₩9,100
Hannuri(*2)	Korea EXIM Bank	2016.07.29	371
Hannuri(*3)	Korea EXIM Bank	2022.05.24	371

(*1) Upon Hannuri receipt of insurance (₩7,000 million), setting collateral to the asset of Hannuri Hotel's right to use land and building.

(*2) Upon Hannuri receipt of government grants (₩286 million), setting collateral to the asset of Hannuri Hotel & Hannuri Energy's right to use land and building.

(*3) Upon Hannuri additional receipt of government grants (₩286 million), setting collateral to the asset of Hannuri Hotel & Hannuri Energy's right to use land and building.

Independent Auditors' Report

(English translation of a Report originally issued in Korean)

The Shareholders and Board of Directors Korea Land & Housing Corporation

Opinion

We have audited the accompanying consolidated financial statements of Korea Land & Housing Corporation and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years 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 December 31, 2022 and 2021 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean Government-Owned and Quasi-Government Accounting Regulations and Standards..

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 *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 audit opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the following:

1. Basis of financial statements preparation

The consolidated financial statements are prepared in accordance with the Korean Government Owned and Quasi-Government Accounting Regulations and Standards (refer to Note 2). If there are no regulations and standards in Korean Government-Owned and Quasi-Government Accounting Regulations and Standards, the Korean International Financial Reporting Standards ("K-IFRS") are applied to the preparation for the Group's consolidated financial statements. Further, if the guidelines of financial closing which are to be established every year by the Ministry of Strategy and Finance and the Korea Institute of Tax and Finance are stipulated differently,

the consolidated financial statements have been prepared by prioritizing the application of the guidelines.

2. Subsidy/Grants Program

The Company as a Specific Project Operators pursuant to 'Subsidy Management Act' discloses details by subsidy/grants programs and changes in subsidy/grants (refer to Note 29) in accordance with the relevant Act and 'Detailed Auditing Standards for Specific Project Operators'.

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

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with Korean Government Owned and Quasi- Government Accounting Regulations and Standards, and for such internal control as management determine 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.

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 auditing standards generally accepted in the Republic of Korea 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 auditing standards generally accepted in the Republic of Korea, 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 and 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 the management's use of the going concern basis of accounting

and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

We communicate with those charged with governance of the Group 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 audits.

February 23, 2023



Jong-Man Choi
CEO and President

This report is effective as at February 23, 2023, the auditors' report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors' report date to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modification to the auditors' report.

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021
(In Korean won)

	Notes	December 31, 2022	December 31, 2021
Assets			
Current assets			
Cash and cash equivalents	6,28,30,49	₩ 2,759,752,901,105	₩ 5,235,794,009,767
Current financial assets	8,11,12,13,49,50	4,697,529,428,337	4,030,869,045,322
Trade and other receivables	9,19,20,49,51	1,136,640,537,425	747,998,490,099
Inventories	14	77,619,033,442,979	72,742,943,718,515
Current non-financial assets	15,51	4,546,910,808,743	4,193,275,428,817
Assets classified as held-for-sale	47	152,025,350,052	152,025,350,052
Subtotal		90,911,892,468,641	87,102,906,042,572
Non-current assets			
Non-current financial assets	7,8,10,11,12,13,49	2,241,807,389,863	2,219,566,252,502
Long-term trade and other receivables	9,49	3,830,885,558,420	3,093,320,630,073
Property, plant and equipment	17,25,28	1,292,555,073,607	1,323,358,333,376
Investment properties	18,28	113,609,734,044,071	106,430,463,997,462
Intangible assets excluding goodwill	21,28	65,789,567,153	56,378,214,748
Net employee defined benefit assets	26	2,983,303,250	-
Investments in associates	16	342,044,950,684	392,215,947,751
Deferred income tax assets	46	1,345,389,136,132	1,026,097,485,424
Non-current non-financial assets	15	5,759,596,221	5,758,559,931
Subtotal		122,736,948,619,401	114,547,159,421,267
Total assets		₩ 213,648,841,088,042	₩ 201,650,065,463,839

(Continued)

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2022 AND 2021

(In Korean won)

	Notes	December 31, 2022	December 31, 2021
Current liabilities			
Trade and other payables	23,25,49,50,51	17,251,682,934,061	₩ 15,906,580,799,607
Current financial liabilities	8,22,24,28,49,50	6,300,147,499,960	4,209,498,409,235
Income tax payable	-	431,115,273,493	1,227,924,157,213
Current non-financial liabilities	19,20,32	18,944,639,853,878	17,904,037,996,671
Current provisions	27	16,043,083,910,287	14,801,414,595,022
Subtotal		58,970,669,471,679	54,049,455,957,748
Non-current liabilities			
Long-term trade and other payables	23,25,49,50	11,445,216,578,034	12,900,473,671,645
Non-current financial liabilities	8,22,24,28,49,50,52	75,386,904,123,608	71,049,503,561,507
Non-current non-financial liabilities	31,32	116,313,027,791	119,169,988,877
Net employee defined benefit liabilities	26	438,476,462,769	492,312,741,229
Non-current provisions	27	259,619,600,290	277,498,385,127
Subtotal		87,646,529,792,492	84,838,958,348,385
Total liabilities		146,617,199,264,171	138,888,414,306,133
Equity			
Issued capital	1,33	43,625,614,408,665	39,999,417,093,665
Discount on stock issuance	33	(19,680,399,700)	(19,367,171,220)
Retained earnings	34,35	23,366,955,963,625	22,742,709,270,686
Other components of equity	8,36	50,378,245,346	31,903,310,305
Equity attributable to the shareholders of the parent		67,023,268,217,936	62,754,662,503,436
Non-controlling interests		8,373,605,935	6,988,654,270
Total equity		67,031,641,823,871	62,761,651,157,706
Total equity and liabilities		₩ 213,648,841,088,042	₩ 201,650,065,463,839

(Concluded)

See accompanying notes.

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Korean won)

	Notes	2022	2021
Sales	18,19,28,37,51	₩ 19,626,291,237,639	₩ 27,345,907,116,293
Cost of sales	18,38,39,40,48	(17,194,556,138,264)	(21,039,190,843,267)
Gross profit		2,431,735,099,375	6,306,716,273,026
Selling and administrative expenses	38,39,40,41,48	(618,896,066,460)	(658,132,984,008)
Operating profit		1,812,839,032,915	5,648,583,289,018
Other revenues	42	1,028,411,102,182	803,259,977,224
Other expenses	42	(420,644,002,021)	(507,505,465,405)
Others incomes (losses)	43	(37,887,066,979)	(19,392,231,464)
Finance incomes	44,49	381,683,875,153	205,217,341,135
Finance costs	45,49	(713,444,233,194)	(490,085,580,037)
Equity method affiliated companies profit (loss)		(52,863,089,448)	(49,186,545,323)
Profit before income tax expense		1,998,095,618,608	5,590,890,785,148
Income tax expense	46	(565,375,622,356)	(1,427,574,255,025)
Continued operating profit		1,432,719,996,252	4,163,316,530,123
Profit for the period		1,432,719,996,252	4,163,316,530,123
Other comprehensive income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains (losses) on defined benefit plans		50,070,206,022	66,947,695,614
Gains (losses) on valuation of financial assets (equity instruments) measured at fair value through other comprehensive income		2,294,351,014	782,840,965
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Net gain on cash flow hedge accounting	49	16,898,162,051	21,638,985,261
Exchange differences on translation		112,847,185	(39,928,115)
Equity adjustments in equity method		(830,425,209)	(299,665,610)
Other comprehensive income for the period, net of tax		68,545,141,063	89,029,928,115
Total comprehensive income for the period, net of tax		₩ 1,501,265,137,315	₩ 4,252,346,458,238
Profit for the period attributable to:			
Equity holders of the parent		1,431,335,044,587	4,163,436,457,065
Non-controlling interests		1,384,951,665	(119,926,942)
		₩ 1,432,719,996,252	₩ 4,163,316,530,123
Total comprehensive income for:			
the period attributable to			
Equity holders of the parent		1,499,880,185,650	4,252,466,385,180
Non-controlling interests		1,384,951,665	(119,926,942)
		₩ 1,501,265,137,315	₩ 4,252,346,458,238

See accompanying notes.

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Korean won)

	Issued capital	Retained earnings	Other components of equity	Total	Non-controlling interests	Total equity
₩	₩	₩	₩	₩	₩	₩
Balance at January 1, 2021	36,313,050,222,685	19,210,870,793,831	9,821,082,923	55,533,742,099,439	7,620,240,083	55,541,362,339,522
Profit for the period	-	4,163,436,457,065	-	4,163,436,457,065	(119,926,942)	4,163,316,530,123
Unappropriated retained earnings carried over from the prior year	-	(18,254,425,034)	-	(18,254,425,034)	(511,658,871)	(18,766,083,905)
Remeasurement of the net defined benefit liability	-	66,947,695,614	-	66,947,695,614	-	66,947,695,614
Gains (losses) on valuation of financial assets (equity instruments) measured at fair value through other comprehensive income	-	-	782,840,965	782,840,965	-	782,840,965
Net gain on cash flow hedge accounting	-	-	21,638,985,261	21,638,985,261	-	21,638,985,261
Exchange differences on foreign operations	-	-	(39,928,115)	(39,928,115)	-	(39,928,115)
Equity adjustments in equity method	-	-	(299,670,729)	(299,670,729)	-	(299,670,729)
Total comprehensive income	-	4,212,129,727,645	22,082,227,382	4,234,211,955,027	(631,585,813)	4,233,580,369,214
Increase in share capital	3,653,276,510,880	-	-	3,653,276,510,880	-	3,653,276,510,880
Discounts on stock issuance	13,723,188,880	(13,723,188,880)	-	-	-	-
Dividends	-	(666,568,061,910)	-	(666,568,061,910)	-	(666,568,061,910)
Balance at December 31, 2021	₩ 39,980,049,922,445	₩ 22,742,709,270,686	₩ 31,903,310,305	₩ 62,754,662,503,436	₩ 6,988,654,270	₩ 62,761,651,157,706

(Continued)

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Korean won)

	Issued capital	Retained earnings	Other components of equity	Total	Non-controlling interests	Total equity
Balance at January 1, 2022	₩ 39,980,049,922,445	₩ 22,742,709,270,686	₩ 31,903,310,305	₩ 62,754,662,503,436	₩ 6,988,654,270	₩ 62,761,651,157,706
Profit for the period	-	1,431,335,044,587	-	1,431,335,044,587	1,384,951,665	1,432,719,996,252
Remeasurement of the net defined benefit liability (equity instruments) measured at fair value	-	50,070,206,022	-	50,070,206,022	-	50,070,206,022
Gains (losses) on valuation of financial assets through other comprehensive income	-	-	2,294,351,014	2,294,351,014	-	2,294,351,014
Net gain on cash flow hedge accounting	-	-	16,898,162,051	16,898,162,051	-	16,898,162,051
Exchange differences on foreign operations	-	-	112,847,185	112,847,185	-	112,847,185
Equity adjustments in equity method	-	-	(830,425,209)	(830,425,209)	-	(830,425,209)
Total comprehensive income	-	1,481,405,250,609	18,474,935,041	1,499,880,185,650	1,384,951,665	1,501,265,137,315
Increase in share capital	3,606,516,915,300	-	-	3,606,516,915,300	-	3,606,516,915,300
Discounts on stock issuance	19,367,171,220	(19,367,171,220)	-	-	-	-
Dividends	-	(837,791,386,450)	-	(837,791,386,450)	-	(837,791,386,450)
Balance at December 31, 2022	₩ 43,605,934,008,965	₩ 23,366,955,963,625	₩ 50,378,245,346	₩ 67,023,268,217,936	₩ 8,373,605,935	₩ 67,031,641,823,871

(Concluded)

See accompanying notes.

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Korean won)

	2022	2021
Cash flows from operating activities		
Profit for the period	₩ 1,432,719,996,252	₩ 4,163,316,530,123
Non-cash adjustments to reconcile profit for the period to net cash flows;		
Income tax expense	565,375,622,356	1,427,574,255,025
Finance costs	(213,666,714,106)	(12,888,604,268)
Depreciation and amortization	1,356,039,795,680	1,264,547,645,221
Adjustment in provisions	(671,853,679,531)	(1,048,331,008,625)
Losses (gains) on foreign currency translation	(183,162,627)	(28,516,490)
Equity method income, net	52,863,089,448	49,186,545,323
Losses (gains) on disposal of non-current assets	4,786,352,967	(999,254,079)
Others	326,210,052,966	588,292,625,681
Total adjustments	1,419,571,357,153	2,267,353,687,788
Changes in operating assets and liabilities;		
Inventories	(414,594,410,536)	(138,772,439,671)
Trade receivables	(713,367,314,533)	(1,739,930,049,727)
Other receivables	(776,335,449,757)	(1,247,154,093,020)
Trade payables	(369,175,073,303)	2,034,761,086,821
Other payables	2,385,192,151,475	720,748,495,281
Cash generated from operations	2,964,011,256,751	6,060,323,217,595
Dividends received	958,545,523	928,911,654
Interest paid	(154,316,638,562)	(207,216,277,801)
Interest received	384,151,992,052	164,497,470,173
Income tax received (paid)	(1,681,476,156,784)	(1,678,641,525,774)
Net cash flows provided by operating activities	1,513,328,998,980	4,339,891,795,847
Cash flows from investing activities:		
Acquisition of investments in associates	(18,326,068,687)	(1,752,515,729)
Disposal of investments in associates	14,488,562,224	-
Disposal of property, plant and equipment	353,478,904	3,877,092,805
Acquisition of property, plant and equipment	(28,855,439,541)	(40,079,823,016)
Disposal of intangible assets	27,025,872	-
Acquisition of intangible assets	(23,845,999,754)	(24,222,521,160)
Disposal of investment properties	5,659,364,979	-
Acquisition of investment properties	(12,286,750,164,803)	(8,882,195,626,075)
Disposal of assets classified as held-for-sale	-	46,500,000,000
Acquisition of other financial assets (long-term financial assets)	(365,219,238,485)	(354,586,796,839)
Disposal of other financial assets (long-term financial assets)	114,605,550,912	170,273,511,036
Acquisition (disposal) of other financial assets	(169,371,327,399)	(931,345,222,634)
Acquisition of financial assets (liabilities) measured at fair value through profit and loss	(84,165,512,005)	(8,391,752,270)
Disposal of financial assets (liabilities) measured at fair value through profit and loss	32,125,595	22,780,169
Acquisition of financial assets (equity) measured at fair value through other comprehensive income	-	(9,600,000,000)
Disposal of financial assets (equity) measured at fair value through other comprehensive income	39,018,436	-
Increase in deposits	(30,279,879,586)	(18,259,735,274)
Acquisition of financial assets measured at amortized cost	(897,964,928)	(426,592,634)
Disposal of financial assets measured at amortized cost	1,324,557,562	-
Repayment of loans	946,980,414,144	4,070,130,016,437
Increase in loans	(1,171,403,851,673)	(4,319,650,299,283)
Net cash flows used in investing activities	₩ (13,095,605,348,233)	₩ (10,299,707,484,467)

(Continued)

KOREA LAND & HOUSING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Korean won)

	2022	2021
Cash flows from financing activities		
Increase in share capital	₩ 3,606,516,915,300	₩ 3,653,121,314,780
Dividends paid	(837,791,386,450)	(666,568,061,910)
Acquisition (disposal) of derivatives	-	(496,043,835)
Increase in borrowings	6,939,389,022,107	7,754,358,523,529
Redemption of borrowings	(1,446,661,256,190)	(3,523,185,999,883)
Issuance of bonds payable	2,533,641,579,723	4,978,336,472,844
Redemption of bonds payable	(1,456,275,000,000)	(2,978,478,500,000)
Payment of lease liabilities	(20,032,828,864)	(21,755,460,208)
Net cash flows provided by financing activities	9,318,787,045,626	9,195,332,245,317
Net effect of foreign exchange differences	296,009,812	28,516,490
Net increase (decrease) in cash and cash equivalents	(2,263,193,293,815)	3,235,545,073,187
Cash and cash equivalents at the beginning of the period	5,808,075,880,180	2,572,530,806,993
Cash and cash equivalents at the end of the period	3,544,882,586,365	5,808,075,880,180
Government grants	(230,423,204,216)	(130,005,666,935)
Entrusted business funds	(554,706,481,044)	(442,276,203,478)
Net cash and cash equivalents at the end of the period as deducted by government subsidies and etc.	₩ 2,759,752,901,105	₩ 5,235,794,009,767

(Concluded)

See accompanying notes.

KOREA LAND & HOUSING CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

1. CORPORATE INFORMATION:

(1) The parent company

Korea Land & Housing Corporation (the “Company” or “Parent Company”) and its subsidiaries (the “Group”) were established in accordance with the Korea Land & Housing Corporation Act on October 1, 2009, to facilitate the efficient use of public land and contribute to the growth of the national economy through various development, renovation and management projects in the residential housing industry. As of December 31, 2022, the Group’s headquarter is located at 19, Chungui-ro, JinJu-si, Gyeongsangnam-do, Korea.

Furthermore, the Company, as governed by the Korea Land & Housing Corporation Act, participates in social welfare projects for the acquisition, development, storage and supply of land and construction; management of housing properties; and urban planning and provision for low-income housing.

As of December 31, 2022, the shareholders of the Company and their respective shareholdings are as follows (in millions of Korean won):

	<u>Issued capital</u>	<u>Ownership</u>
Korea Government - Ministry of Strategy and Finance	₩12,181,870	27.9%
Korea Government - Ministry of Land, Infrastructure and Transport	26,754,248	61.3%
Korea Development Bank	3,950,518	9.1%
Korea Exim Bank	<u>738,978</u>	<u>1.7%</u>
Total	<u>₩43,625,614</u>	<u>100.0%</u>

(2) Consolidated subsidiaries

Consolidated subsidiaries as of December 31, 2022 are as follows:

	Business	Capital (mil KRW)	Percentage of ownership		Location
			2022	2021	
Korea Housing Management Co., Ltd.	Facility maintenance and leasing	15,000	100.0%	100.0%	Jinju, Gyeonsangnam-do
Hannuri Co., Ltd.	Lodging, Energy Sales	12,000	62.5%	62.5%	Chuncheon, Gangwon-do
Gwacheon Development Co., Ltd.	U-Jung Hospital improvement	10,000	51.0%	51.0%	Jinju, Gyeonsangnam-do
LH Facilities Management Co., Ltd.	LH Building maintenance	990	100.0%	100.0%	Jinju, Gyeonsangnam-do
LH Housing Welfare Information Co., Ltd.	Call center operation, maintenance	700	100.0%	100.0%	Seongnam, Gyeonggido
Bichae-nuri Co., Ltd.	Real estate development and supply business	500	100.0%	100.0%	Gurogu, Seoul
Bichae-nuri Development Co., Ltd.	Real estate development and supply business	28,600	100.0%	100.0%	Gurogu, Seoul
LH Primorye, LLC	Industrial complex creation	1,309	100.0%	100.0%	Nadezdhinskaya, Russia

Korea Housing Management Co., Ltd. was established to manage, operate, repair and maintain apartment buildings and to be entrusted with the lease of apartment buildings.

Hannuri Co., Ltd. a subsidiary, wholly owns equity ownership in Hannuri Energy and Hannuri Hotel, which were established in July and August 2008, respectively, to operate gas service stations and hotels in the 1st business district of Gaesung Industrial Complex, Gaesung city, North Hwanghae Province.

The business success of Hannuri Co., Ltd. will be largely influenced by domestic and foreign political situations, directly or indirectly. Therefore, the financial statements of the subsidiaries were prepared on the basis of management's estimation of sociopolitical factors. However, the actual outcome may differ from management's estimation and such difference may be material.

Gwacheon Development Co., Ltd. was established in May 2018 for Gwacheon U-Jung Hospital improvement project which has been stopped for a long period of time.

LH Facilities Management Co., Ltd. was established in October 2018 for the purpose of consignment works of facility management, cleaning, security&concierge, cooking etc., to convert part-time workers to full-time workers in accordance with 『Guidelines for the conversion of non- regular employees to full-time workers for public institutions ('17.7.20) 』 issued by the government.

LH Housing Welfare Information Co., Ltd. is a subsidiary company that is operated as a consignment to manage counseling workforces. It is a company that implements overall counseling services, such as rent leasing consultation etc., for My Home Call Center and Defect Counseling Call Center within the Company.

Bichae-nuri Development Co., Ltd. is a project company established temporarily pursuant to Article 51-2 of the Corporate Tax Act in order to construct an alternative correctional facility for the relocation of the

Yeongdeungpo correctional facility and to develop the Yeongdeungpo correctional facility site with a plan.

Bichae-nuri Co., Ltd. is an asset management company of Bchaenuri Development Co., Ltd. and carries out tasks related to asset management, investment and disposal, and general affairs, which is entrusted by Bichae-nuri Development Co., Ltd.

LH PRIMORYE, LLC is a company established in 2021 to take charge of the complex creation, attraction of resident companies, and operation management of the ‘Primorsky Krai Economic Cooperation Industrial Complex’, which is being promoted to support the advancement of Korean SMEs into Russia.

Summarized financial information of consolidated subsidiaries as of and for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022			
	Assets	Liabilities	Revenue	Profit or loss
Korea Housing Management Co., Ltd.	₩128,899	₩109,241	₩259,433	₩ 1,093
Hannuri Co., Ltd.	16,672	8,986	-	141
Gwacheon Development Co., Ltd.	54,563	43,356	30,366	2,719
LH Facilities Management Co., Ltd.	14,570	11,165	54,449	437
LH Housing Welfare Information Co., Ltd.	13,310	5,945	31,844	4,802
Bichae-nuri Co., Ltd.	757	604	-	(61)
Bichae-nuri Development Co., Ltd.	731	1,186	-	(1,617)
LH Primorye, LLC	1,116	39	-	(256)

	December 31, 2021			
	Assets	Liabilities	Revenue	Profit or loss
Korea Housing Management Co., Ltd.	₩138,058	₩121,393	₩256,668	₩ 512
Hannuri Co., Ltd.	16,223	8,677	-	21
Gwacheon Development Co., Ltd.	88,566	80,078	13,954	(261)
LH Facilities Management Co., Ltd.	17,865	15,474	51,751	2,469
LH Housing Welfare Information Co., Ltd.	6,802	4,481	24,673	1,511
Bichae-nuri Co., Ltd.	818	604	-	-
Bichae-nuri Development Co., Ltd.	2,349	1,186	-	766
LH Primorye, LLC	1,227	7	-	(49)

(3) Reporting periods of the consolidated financial statements

The financial statements of all subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting periods with the Company’s reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of preparation

The Group prepared consolidated financial statements in accordance with the Korean Government Owned and Quasi-Government Accounting Regulations and Standards. If there are no regulations and provisions in Korean Government-Owned and Quasi-Government Accounting Regulations and Standards, the Korean International Financial Reporting Standards (“K-IFRS”) are applied for the preparation of the Company’s consolidated financial statements.

Accounting policies the Group has adopted from Korean Government-owned and Quasi-Government Accounting Regulations and Standards are described below

1) Government grants (Article 44)

Government grants used for the acquisition of certain assets are deducted from the acquisition cost of the acquired assets and such grants are offset against the depreciation expenses of the acquired assets during the useful lives of the assets. Government grants received for consignment management service provided by the Group are recognized as operating income.

2) Residual government grants and Revenue and Expenses Related to Consignment Management Services (Article 44-2)

Government grants to be carried forward, related to essential business, were incurred, and are recognized as a reduction of cash and cash equivalent in accordance with Article 42-2 of the Korean Government Owned and Quasi-Government Accounting Regulations and Standards.

3) Recognition of Revenue and Expenses Related to Consignment Management Services (Article 48).

The Group recognizes funds received from the Ministry of Land, Infrastructure and Transport for consignment management services as revenue and expenses or assets and liabilities as the associated project progresses. The Group does not offset the funds received.

4) Contribution to the Employee Welfare Fund (Article 49)

The Group contributes to the employee welfare fund and contributions are recognized as selling, general and administrative expenses in accordance with the Employee Welfare Fund Act.

5) Reserve Fund for Essential Business (Article 50)

The Group records appropriation for reserve fund for essential business or reversal of the appropriation as disposal in the statements of appropriation of retained earnings.

6) Division Accounting (Article 12)

In accordance with Korea Government-owned and Quasi-Government Accounting Regulation and Standards, the Group prepares journal entries by source of revenue or business purpose, eliminates transactions and unrealized gains or losses among divisions and discloses its performance and financial status by accounting unit in notes.

- (2) New and revised standards that have been issued but are not yet effective as of December 31, 2022, and that have not been early applied by the Group are as follows:

1) *Amendments to K-IFRS 1001 'Presentation of Financial Statements' - Classification of Liabilities as Current or Non-current*

It is classified as current or non-current based on the actual rights that exist as of the end of the reporting period, and does not take into account the possibility of exercising the right to defer settlement of the debt or management expectations. In addition, the settlement of liabilities includes the transfer to an owner's equity instruments, except the case that the option of settlement by the transfer to an owner's equity instruments from compound financial instruments meets the definition of an equity instrument and, thus, is recognized separately from the liability. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early adoption permitted. The Group is on reviewing the impact on the financial statements from these amendments.

2) *Amendments to K-IFRS 1001 'Presentation of Financial Statements' – Disclosure of 'Accounting policy'*

The amendments define the term 'material accounting policy information', and develop guidance and examples in IFRS Practice Statement 2 to explain and demonstrate the application of 'materiality'. The amendments are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The Group is on reviewing the impact on the financial statements from these amendments.

3) *Amendments to K-IFRS 1008 'Accounting Policies, Changes in Accounting Estimates and Errors' – Definition of 'Accounting Estimates'*

The amendments define accounting estimates and clarify that it is different from changes in accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023, to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of the same period, with earlier application permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

4) *Amendments to K-IFRS 1012, 'Income Taxes' – Deferred tax related to assets and liabilities arising from a single transaction*

The amendments introduce a further exception to the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

5) *Enactment of K-IFRS 1117 Insurance Contracts*

K-IFRS 1117 Insurance Contracts will replace K-IFRS 1104 Insurance Contracts. This standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (refunds due to termination and maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and net insurance income and net investment income are presented separately to enable users of the information to understand the sources of income or expenses. This standard should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted for entities that applied K-IFRS 1109 Financial Instruments. The Group does not expect that these amendments have a significant impact on the financial statements.

6) *Amendments to K-IFRS 1001 'Presentation of Financial Statements' – Disclosure of gains or losses on valuation of financial liabilities with exercise price adjustment conditions*

The amendments require disclosures about gains or losses on valuation occurred for the reporting period (but are limited to those included in profit or loss) for the conversion options or warrants (or financial liabilities with warrants), if all or part of the financial instrument whose exercise price is adjusted due to the issuers' stock price fluctuations, are classified as financial liabilities. The amendments should be applied for annual reporting periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements

- (3) The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2022;

1) *Amendments to K-IFRS 1116 'Lease' - Practical expedient for COVID-19 Related Rent Concessions, etc. beyond June 30, 2021*

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before 30 June 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances. These amendments do not have a significant impact on the consolidated financial statements.

2) *Amendments to K-IFRS 1103 'Business Combination' - References to Conceptual Framework*

The definitions of assets and liabilities to be recognized have been revised to refer to the revised conceptual framework for financial reporting, but an exception is added to apply the relevant Standard for the liabilities and contingent liabilities which fall within the scope of K-IFRS 1037 'Provisions, Contingent Liabilities and Contingent Assets' and Interpretation 2121 'Levies'. It has been clarified that contingent assets are not recognized on the acquisition date. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

3) *Amendments to K-IFRS 1016 'Property, Plant and Equipment' - Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling 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 cost of producing those items, in profit or loss. The Group does not expect that these amendments have a significant impact on the consolidated financial statements

4) *Amendments to K-IFRS 1037 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous contract: contract fulfilment costs*

When recognizing onerous contract, it has been clarified that the scope of the unavoidable costs of meeting the obligations under the contract is the allocation of incremental costs for contract fulfilment and other costs directly related to contract fulfilment. The amendments are effective for annual reporting periods beginning on or after January 1, 2022, with early adoption permitted. There is no significant impact on the consolidated financial statements of the amendments to that Standard.

5) *Annual Improvements to K-IFRS 2018~2020*

Annual Improvements to K-IFRS 2018~2020 are effective for annual reporting periods beginning on or after January 1, 2022, with early adoption permitted. There is no significant impact on the consolidated financial statements of the amendments to that Standard.

- K-IFRS 1101 'First-time Adoption of Korean International Financial Reporting Standards': A subsidiary that is the first to adopt
- K-IFRS 1109 'Financial Instruments': Charges related to 10% testing for the purpose of derecognition of financial liabilities
- K-IFRS 1041 'Agriculture, forestry and fisheries': Fair value measurement

(4) Subsidiaries and associates

The financial statements of the Group are the separate financial statements prepared in accordance with K-IFRS 1027 Separate Financial Statements, where an investor of a parent or a related company recognizes investments in the financial statements per direct equity investment, not based on performance and net assets reported by the investee. Investments in subsidiaries and associates are recognized at cost under the direct equity method in accordance with K-IFRS 1027. Dividends from subsidiaries and associates are recognized in profit or loss when the right to receive dividends is determined.

(5) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value, less costs to sell.

(6) Revenue recognition

The Group has applied K-IFRS 1115, 'Revenue from contracts with customers', effective from January 1, 2018. In accordance with K-IFRS 1115, all types of contracts recognize revenues by the 5-step revenue recognition model: 1) identification of contract → 2) identification of performance obligations → 3) calculation of transaction price → 4) allocation of transaction price to performance obligations → 5) recognition of revenue when performance obligation is implemented. Revenue is recognized based on the consideration set by the contract with the customer, excluding the amounts collected on behalf of the third party. In addition, the Group recognizes revenue when the goods or services are transferred to the customer.

a) Identification of performance obligations

In the case of some construction contracts executed by the Group, design, purchase and construction are provided through separate service agreements. When significant services that consolidate each good or services are provided or goods or services are highly interdependent or highly correlated, both the goods and services agreed in each contract should be considered as a single performance obligation.

The Group assesses that each service contract provide a combination of deliverables as a whole and, accordingly, considers them as a single performance obligation.

b) Obligation to perform over the time : proprietary constructions for sale

The Group recognizes revenues from proprietary constructions for sale using the percentage-of-completion method in accordance with the KASB 2017-I-KQA015 and the accounting treatment is effective only for K-IFRS as stipulated in Article 13 (1) (1) of the Act on External Audit of Stock Companies.

c) Variable consideration

The Group estimates the amounts of consideration depending on which method the entity expects to better predict the amount of consideration to which it will be entitled the expected value or the most likely amount. Variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the cumulative amount of revenue recognized will not occur in the future periods. Amounts that the Company does not anticipate to have right out of the considerations received or to be received are recognized as a refundable liability.

d) Allocation of the transaction price

The Group allocates transaction prices based on the relative individual selling prices to the various performance obligations identified in a single contract. The Group uses a market appraisal adjustment approach to estimate individual selling prices of the various performance obligations and, exceptionally, uses an anticipated cost-benefit appraisal approach, such as anticipating the expected costs for each transaction and adding appropriate profits, for certain transactions.

(7) Lease

The lessor classifies the lease contract as an operating lease or a financial lease depending on the substance of the transaction, and accounting differs according to the classification.

The lessee applies a single model in which the assets and liabilities of all lease agreements are recognized in the financial statements, unless exemptions for short-term leases and leases of low-value assets apply.

For a contract that is, or contains, a lease, both lessee and lessor account for each lease component within the contract as a lease separately from non-lease components of the contract. In lessee accounting, however, the Group does not account for them separately but instead applies the practical expedient to account for each lease component and any associated non-lease components as a single lease component.

The lessee applies a single method of recognition and measurement for all leases with a lease term exceeding 12 months and an underlying asset not being low-valued. The Group recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments at the commencement date of the lease.

-Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expenses in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of an option to purchase the underlying asset.

-Short-term leases and leases of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the leases of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(8) Foreign currency translation

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (“the functional currency”). The consolidated financial statements are presented in ‘Korean won,’ which is the Group’s functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at each reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of comprehensive income, except for qualifying cash flow hedges that are recognized in other comprehensive income (‘OCI’). Changes in fair value of available-for-sale (‘AFS’) financial assets denominated in foreign currency are classified as either changes in amortization cost or other changes in book value of marketable securities. Translation differences due to changes in amortization cost are reflected in current operation, whereas those due to other changes in book value of marketable securities are recognized in other components of equity. Translation differences in financial assets at fair value through profit or loss (‘FVPL’) are reflected in current operation, whereas those in AFS financial assets are recorded in equity.

(9) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale and are capitalized as part of the cost of the respective assets. A qualifying asset is an asset that requires a significant period of time before it can be used or sold for its intended use.

The temporary investment returns on borrowings to acquire qualifying assets are deducted from capitalizable borrowing costs. All other borrowing costs are expensed in the period they occur.

(10) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. In case where the Group receives loans with interest rate lower than market rate, benefits from lower interest rate shall be recognized as government grants. The benefit of the below-market rate of interest is measured as the difference between the initial carrying value of the loan determined by using market interest rate and the fair value of proceeds received. Where the grant relates to an asset, it is recognized as a deduction of such asset and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to a revenue item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Compensation for expenses or losses incurred in a previous period or receiving immediate financial support to the Group rather than as an incentive to undertake specific expenditures are recognized in profit of the period in which it becomes receivable.

(11) Defined benefit liabilities

The Group operates a defined benefit plan, under which amount to be paid as retirement benefits is determined by reference to a formula based on employee's earning and years of service. The defined benefit asset or liability comprises the present value of the defined benefit obligation, less past-service costs and actuarial gains and losses not yet recognized, less the fair value of plan assets out of which the obligations are to be settled. The Group uses the projected-unit-credit method to determine the present value of its defined benefit obligations and the related current-service cost. The discount rate used in calculating the present value of defined benefit obligations is determined by reference to market yields at the end of the reporting period on high quality corporate bonds of a term consistent with the term of the post-employment benefit obligations. The past-service costs are recognized as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested immediately following the introduction of, or changes to, a defined benefit plan, past-service costs are recognized immediately. Actuarial gains and losses result from increases or decreases in either the present value of a defined benefit obligation or the fair value of plan assets. The Group recognizes the actuarial gains and losses in the period in which they occur in OCI. The actuarial gains and losses recognized in OCI are recognized immediately in retained earnings.

(12) Income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognized on the profit for the period in the statement of income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the tax is also recognized in other comprehensive income or directly in equity, respectively. Deferred income tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts applying the asset-liability method. Deferred income tax is recognized using tax rates and tax laws that have been enacted or substantially enacted at the end of each reporting period expected to be applied when the related deferred income tax assets are realized and the deferred income tax liabilities are settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. A deferred income tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, a deferred income tax asset is recognized for deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(13) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of comprehensive income as incurred.

The amount of the acquisition cost after deducting residual value of the property plant and equipment, except for land, is depreciated on a straight-line basis over the estimated useful life of the asset as follows:

Description	Useful lives	Description	Useful lives
Buildings	50 years	Vehicles	5 years
Structures	20 years	Furniture and fixtures	5 years
Machinery	20 years	Tools and equipment	5 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statements of comprehensive income when the asset is derecognized. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate. The assets' residual values, useful lives and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(14) Investment properties

The real estate to obtain rental income or capital appreciation is classified as investment properties. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of investment properties are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the investment properties as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of comprehensive income as incurred. Land is not depreciated. Investment properties, except for land, are depreciated on a straight-line basis over the estimated useful life of 50 years. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate. Such a change is accounted for as a change in an accounting estimate. An item of investment properties and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statements of comprehensive income when the asset is derecognized.

(15) Intangible assets

Intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Intangible assets with indefinite useful lives such as membership are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit ("CGU") level. Other intangible assets with definite useful lives are amortized over 5–10 years using the straight-line method.

(16) Impairment of non-financial assets (except goodwill)

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset to determine the extent of the impairment loss. Recoverable amount is the higher of fair value, less costs to sell and value in use.

The Group estimates the recoverable amount of each asset, and, when the recoverable amount of an individual asset cannot be estimated, estimates the recoverable amount of the cash-generating unit to which the asset belongs. The shared assets are allocated to individual cash-generating units according to reasonable and consistent allocation criteria, and, if they cannot be allocated to individual cash-generating units, they are allocated to the lowest levels of cash-generating units for which there are separately identifiable cash flows according to reasonable and consistent allocation criteria. Intangible assets with an indefinite useful life or intangible assets that are not yet available are tested for impairment annually, regardless of any indication of impairment.

The recoverable amount is measured as the greater of the net fair value and the value in use of an individual asset or cash-generating unit. And, if the recoverable amount of the asset (or cash-generating unit) is less than the carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to the recoverable amount and the reduced amount is recognized in profit or loss. When reversing an impairment loss recognized in the past period, the carrying amount of the individual asset (or cash-generating unit) is determined as the smaller of the amended recoverable amount and the carrying amount currently recorded if the impairment loss was not recognized in the past period. Reversal of the impairment loss is recognized immediately in profit or loss.

(17) Inventories

Inventories are valued at the lower of cost or net realizable value with. The cost being of raw materials is determined using the identified weighted average method and the cost of supplies is determined using the moving average method and the cost of material in transit is determined using the moving specific identification method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The Group recorded valuation allowance on a periodic basis, when significant changes with an adverse effect (an oversupply, an obsolete or decline in the price of goods) on the entity have taken place during the period or will take place in the near future or when loss from inventory valuation is recognized as cost of sales.

(18) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost. A contingent liability is disclosed, but not recognized when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

1) Onerous contracts

The Group measures current obligation from onerous contracts as provision. Onerous contract is defined as a contract when unavoidable cost is expected to exceed the amount which is expected from the contract.

2) Warranty provision

Warranty provision is the best estimation of necessary cost to perform obligation as of the selling date.

3) Employee performance incentive

The Group has calculated and paid the performance incentive based on the result of annual evaluation, which was performed by the Ministry of Strategy and Finance. This performance incentive is estimated in accordance with K-IFRS 1037 and is recorded in current employee benefit provision.

(19) Financial assets

1) Classification

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

- Those to be measured subsequently at fair value through profit or loss
- Those to be measured subsequently at fair value through other comprehensive income
- Those to be measured at amortized cost

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

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of the investments in equity instruments that are not accounted for as other comprehensive income are recognized in profit or loss.

2) Measurement

At initial recognition, the Group measures a financial asset, in the case of a financial asset not at fair value through profit or loss, at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Hybrid (combined) contracts with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

a) Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

i) Financial assets measured at amortized cost ("AC")

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

ii) Financial assets measured at fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income or costs' and impairment losses are presented in 'financial expenses'.

iii) Financial assets measured at FVPL

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit or loss within 'finance income

and costs' in the year in which it arises.

b) Equity Instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to retained earnings. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'Finance income or costs' in the statement of profit or loss as applicable. Impairment losses (reversal of impairment loss) for equity instruments which are measured at fair value through other comprehensive income are not separately recognized.

3) Impairment of financial assets

In relation to the impairment of financial assets, K-IFRS 1109 requires an expected credit loss model as opposed to an incurred credit loss model under K-IFRS 1039. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, K-IFRS 1109 requires the Group to recognize a loss allowance for expected credit losses on:

- i) Debt investments measured subsequently at amortized cost or at FVOCI,
- ii) Lease receivables,
- iii) Trade receivables and contract assets, and
- iv) Financial guarantee contracts to which the impairment requirements of K-IFRS 1109 apply.

In particular, K-IFRS 1109 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12-months ECL. K-IFRS 1109 also allows a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

a) Trade Receivables

The Group applies the simplified method for trade receivables, which uses the whole-period expected credit loss for all receivables.

b) Debt Instruments

Debt Instruments measured at amortized cost or FVOCI are considered to have low credit risk and allowance for doubtful accounts is recognized for a two-month period expected credit loss.

4) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(20) Financial liabilities and equity instruments

1) Classification of financial liabilities and equity instruments

Debt instruments and equity instruments issued by the Group are recognized as financial liabilities or equity depending on the contract and the definitions of financial liability and 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) Compound instruments

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance

recognized in equity will be transferred to share premium.

Transaction costs that relate to the issue of the convertible notes are allocated to liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

The Group classifies hybrid/combined financial instruments (convertible bonds) as financial liabilities and equity according to the substance of the contract and the definition of financial liabilities and equity instruments. Conversion options to be settled through the exchange of financial assets, such as fixed amounts of cash for fixed quantity of own equity instruments, are equity instruments.

4) Financial liabilities

Financial liabilities are classified into "Financial liabilities at FVPL" and "Other financial liabilities".

5) Financial liabilities at FVPL

One of the major changes in the classification and measurement of financial liabilities as a result of the adoption of K-IFRS 1109 is the accounting for changes in the fair value of financial liabilities measured at fair value through profit or loss as a result of changes in issuer's credit risk. The Group recognizes as other comprehensive income the changes in the fair values that are caused by changes in the credit risk of the related financial liabilities, except when the effect of the change in the credit risk of the financial liabilities classified as FVOCI may cause or expand accounting inconsistencies in profit or loss. The changes in fair values due to the credit risk of financial liabilities are not subsequently reclassified to profit or loss, but are replaced with retained earnings when the financial liabilities are removed. According to the previous K-IFRS 1039, all changes in fair values of financial liabilities classified as financial liabilities measured at fair value through profit or loss have been presented in profit or loss.

The Group does not have any non-derivative financial liabilities that are classified as financial liabilities at fair value through profit or loss. Therefore, the adoption of K-IFRS 1109 does not have a significant effect on the classification and measurement of financial liabilities of the Group.

6) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses are recognized using the effective interest method. Other financial liabilities are measured initially at fair value, net of transaction costs.

The effective interest method is a method of calculating the amortized cost of a financial liability and allocating interest expenses over the relevant period. The effective interest rate is the interest rate that exactly matches the present value of expected future cash payments amounts over the expected life of the financial liabilities or over less period (where appropriate), with the net carrying amounts at initial recognition.

7) Financial guarantee liability

Financial guarantee liabilities are measured initially at fair value and subsequently measured at the greater of the following, unless they are designated as at fair value through profit or loss or arising from the transfer of assets.

- Loss provision calculated in accordance with Impairment of financial assets standard
- The amounts recognized less the accumulated profits recognized in accordance with K-IFRS 1115

8) Derecognition of financial liabilities

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

(21) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

1) Embedded derivatives

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of K-IFRS 1109 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVPL.

2) Hedging accounting

The new general hedge accounting model maintains three types of hedge accounting. However, we are adopting more flexibility in the types of transactions that qualify for hedge accounting and are expanding the types of hedging instruments and risk factors for non-financial items that qualify for hedge accounting. In addition, the standards related to hedging effectiveness assessment as a whole were amended and the "economic relationship" principle between the hedged item and the hedging instruments are applied. Retrospective assessment of the hedging effectiveness is no longer required.

3) Fair value hedges

The Group recognizes the changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Changes in the fair value of the hedging instruments and changes in the fair value of the hedged items attributable to the hedged risk are recognized as profit or loss. Changes in the fair value of the hedging instruments and the hedged items of the equity instruments that elect to recognize the change in fair value at initial recognition as other comprehensive income are recognized in other comprehensive income.

If the hedging relationship no longer meets the requirements for hedge effectiveness related to the hedge ratio but the objectives of risk management for the designated hedge relationship remain the same, the risk hedge ratio of the hedging relationship should be adjusted. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it is no longer qualified for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

4) Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'finance income and costs' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

5) Hedges of net investments in foreign operations

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI, while any gains or losses relating to the ineffective portion are recognized in the consolidated statements of comprehensive income. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statements of comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS:

The Group makes assumptions and estimations concerning the future. Assumptions and estimations are verified continuously based on the past experience and reasonably expected future event. This accounting estimation, however, could be different from actual result. Assumptions and estimations for significant risks, which may cause adjustment to the carrying amounts of assets and liabilities, are as follows.

(1) Taxes

The Group recognized the effect of income tax expected to be burdened in the future in consequence of the business operation as current tax and deferred income tax through the best estimation process. However, there could be the difference in actual tax to be burdened in the future and the related asset and liability recognized and this difference could affect the current tax and deferred income tax asset and liability at the point when the final effect of income tax is settled.

(2) Fair value of financial instruments

The fair value of financial instruments that does not trade in active market is principally decided using valuation method. The Group selects various valuation methods and makes a judgment about assumption based on key market circumstances as of the end of each reporting period.

(3) Provisions

End of the reporting period, the Group currently has reserves on returned goods, estimated amount and quality warranty repair. These provisions are determined based on the estimation that is based on past experience.

(4) Pension benefits

The present value of the defined benefit pension can change depending on various factors determined using actuarial valuations. Assumptions to determine pension cost (profit) include discount rate where changes in assumptions will lead changes in present value of the defined benefit pension. The Group has determined discount rate at every year-end, which is defined as interest rate used to decide present value of expected future cash outflow. The Group determines discount rate considering discount rate of

outstanding corporate bond, which has similar maturity as that of pension obligation. Other assumptions related with pension obligation are based on market circumstance.

4. SEGMENT INFORMATION:

(1) Details of the Group's reportable segments are as follows:

The strategic steering executive is the Group's chief operating decision maker. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessments. Segment performance is evaluated based on operating profit or loss. The Group has one reportable operating segment.

(2) The reportable segment revenue and operating profit for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	Total segment revenue	Revenue for external customers	Total segment operating profit	Depreciation and amortization
<u>2022</u>	₩ 19,626,291	₩ 19,626,291	₩ 1,812,839	₩ 1,377,935
<u>2021</u>	27,345,907	27,345,907	5,648,583	1,269,613

(3) Reportable segment assets and liabilities as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	Reportable segment asset (*1)	Investments in associates	Additions to non- current assets (*2)	Reportable segment liabilities (*1)
<u>December 31, 2022</u>	₩213,648,841	₩342,045	₩114,973,838	₩146,617,199
<u>December 31, 2021</u>	201,650,065	392,216	107,815,959	138,888,414

(*1) The reportable segment assets and liabilities reported to the strategic steering executive are measured in a consistent manner with that in the consolidated financial statements.

(*2) Additions to non-current assets exclude amounts arising from financial instruments, trade and other receivables, equity investments and deferred income tax asset.

(4) Major customers

The Group has no customer where sales represent 10% or more of the Group's total sales for the years ended December 31, 2022 and 2021.

5. DIVISION ACCOUNTING:

(1) Details of divisional performance for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

1) Details of divisional performance according to separate accounting for loss compensation business and other businesses for the years ended December 31, 2022 and 2021, are as follows (in millions of Korean won) :

	December 31, 2022							
	Loss compensation businesses					Other businesses		Total
	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	
Revenue	₩7,624,308	₩ 482,688	₩ 1,490,925	₩ 120,828	₩ 106,192	₩ 220,988	₩9,580,362	₩19,626,291
Cost of sales	5,653,348	409,475	3,455,795	596,453	70,473	214,181	6,794,831	17,194,556
Gross profit (loss)	1,970,960	73,213	(1,964,870)	(475,625)	35,719	6,807	2,785,531	2,431,735
Selling and administrative expenses	287,459	14,528	156,994	10,733	-	5,773	143,409	618,896
Operating profit (loss)	1,683,501	58,685	(2,121,864)	(486,358)	35,719	1,034	2,642,122	1,812,839
Other incomes	24,819	4,569	6,512	2,371	2,570	-	987,570	1,028,411
Other expenses	6,186	1,041	-	818	1,244	92	411,263	420,644
Others	(23,672)	(1,108)	(4,943)	-	-	(1)	(8,163)	(37,887)
Finance incomes	91,760	788	5	2,055	388	1,289	285,399	381,684
Finance costs	(154,214)	28,015	516,547	73,306	(15,784)	13,959	251,615	713,444
Equity method affiliated companies loss	-	-	-	-	-	-	(52,863)	(52,863)
Profit (loss) before income tax expense (benefit)	1,924,436	33,878	(2,636,837)	(556,056)	53,217	(11,729)	3,191,187	1,998,096
Income tax expense (benefit)	544,808	9,591	(746,489)	(157,420)	15,066	(3,320)	903,140	565,376
Profit (loss)	1,379,628	2,4287	(1,890,348)	(398,636)	38,151	(8,409)	2,288,047	1,432,720
Other comprehensive income (loss)	-	-	-	-	-	-	68,545	68,545
Total comprehensive income (loss)	₩1,379,628	₩ 24,287	₩(1,890,348)	₩(398,636)	₩38,151	₩ (8,409)	₩2,356,592	₩1,501,265

December 31, 2021								
	Loss compensation businesses					Other businesses		Total
	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	
Revenue	₩15,041,341	₩ 747,853	₩ 1,436,350	₩ 625,491	₩ 99,453	₩ 38,983	₩9,356,436	₩27,345,907
Cost of sales	10,493,954	639,878	3,215,524	423,424	(45,365)	37,305	6,274,471	21,039,191
Gross profit (loss)	4,547,387	107,975	(1,779,174)	202,067	144,818	1,678	3,081,965	6,306,716
Selling and administrative expenses	324,019	13,468	180,432	10,232	-	5,242	124,739	658,133
Operating profit (loss)	4,223,368	94,507	(1,959,606)	191,835	144,818	(3,564)	2,957,226	5,648,584
Other incomes	22,538	6,701	5,891	7,979	3,800	-	756,351	803,260
Other expenses	7,023	1,956	-	2,273	1,149	203	494,902	507,506
Others	(15,471)	-	180	-	-	-	(4,101)	(19,392)
Finance incomes	57,676	771	8	1,905	621	9	144,227	205,217
Finance costs	(233,583)	27,169	503,031	42,160	(9,753)	2,426	158,635	490,085
Equity method affiliated companies loss	-	-	-	-	-	-	(49,187)	(49,187)
Profit (loss) before income tax expense	4,514,671	72,854	(2,456,558)	157,286	157,843	(6,184)	3,150,980	5,590,891
Income tax expense (benefit)	1,153,498	18,614	(627,650)	40,186	40,329	(1,580)	804,177	1,427,574
Profit (loss)	3,361,173	54,240	(1,828,908)	117,100	117,514	(4,604)	2,346,802	4,163,317
Other comprehensive income (loss)	-	-	-	-	-	-	89,030	89,030
Total comprehensive income (loss)	₩3,361,173	₩ 54,240	₩(1,828,908)	₩ 117,100	₩117,514	₩ (4,604)	₩2,435,832	₩4,252,347

- 2) Details of divisional performance according to separate accounting for public rental housing business and other businesses for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won) :

	2022		
	Public rental housing business	Others	Total
Revenue	₩3,693,969	₩15,932,322	₩19,626,291
Cost of sales	4,790,550	12,404,006	17,194,556
Gross profit	(1,096,581)	3,528,316	2,431,735
Selling and administrative expenses	241,002	377,894	618,896
Operating profit	(1,337,583)	3,150,422	1,812,839
Other incomes	8,344	1,020,067	1,028,411
Other expenses	-	420,644	420,644
Others	(4,942)	(32,945)	(37,887)
Finance incomes	60,914	320,770	381,684
Finance costs	561,671	151,773	713,444
Equity method affiliated companies loss	-	(52,863)	(52,863)
Profit (loss) before income tax expense (benefit)	(1,834,938)	3,833,034	1,998,096
Income tax expense (benefit)	(519,471)	1,084,847	565,376
Profit (loss)	(1,315,467)	2,748,187	1,432,720
Other comprehensive income (loss)	-	68,545	68,545
Total comprehensive income (loss)	₩(1,315,467)	₩2,816,732	₩1,501,265

	2021		
	Public rental housing business	Others	Total
Revenue	₩9,284,710	₩18,061,197	₩27,345,907
Cost of sales	7,913,861	13,125,330	21,039,191
Gross profit	1,370,849	4,935,867	6,306,716
Selling and administrative expenses	291,649	366,484	658,133
Operating profit	1,079,200	4,569,383	5,648,584
Other incomes	7,017	796,243	803,260
Other expenses	412	507,094	507,506
Others	136	(19,528)	(19,392)
Finance incomes	28,499	176,718	205,217
Finance costs	411,988	78,098	490,085
Equity method affiliated companies loss	-	(49,187)	(49,187)
Profit (loss) before income tax expense (benefit)	702,453	4,888,438	5,590,891
Income tax expense (benefit)	179,477	1,248,097	1,427,574
Profit (loss)	522,976	3,640,341	4,163,317
Other comprehensive income (loss)	-	89,030	89,030
Total comprehensive income (loss)	₩522,976	₩3,729,370	₩4,252,347

(2) Details of divisional assets and liabilities as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

1) Details of divisional assets and liabilities according to separate accounting for loss compensation business and other businesses as of December 31, 2022 and 2021 are as follows :

	December 31, 2022							
	Loss compensation businesses					Other businesses		Total
	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	
<u>Current assets</u>	₩36,306,471	₩5,095,680	₩139,569	₩3,354,208	₩400,318	₩575,615	₩45,040,031	₩90,911,892
Cash and cash equivalents	-	-	416	-	-	-	2,759,337	2,759,753
Current financial assets	16	-	-	-	-	-	4,697,513	4,697,529
Trade and other receivables	561,565	5,637	129,455	95,271	2,209	18,827	323,677	1,136,641
Inventories	35,093,697	5,082,147	44	3,250,265	398,000	556,788	33,238,092	77,619,033
Current non-financial assets	651,193	7,896	9,654	8,672	109	-	3,869,387	4,546,911
Assets classified as held-for-sale	-	-	-	-	-	-	152,025	152,025
<u>Non-current assets</u>	14,524,934	1,078,304	100,270,700	117,769	-	113,126	6,632,116	122,736,949
Non-current financial assets	564,230	-	(8,269)	(2)	-	-	1,685,848	2,241,807
Trade and other receivables	3,142,624	9,244	26,775	-	-	113,126	539,117	3,830,886
Property, plant and equipment	508	-	-	-	-	-	1,292,047	1,292,555
Investment properties	10,817,572	1,069,060	100,252,194	117,771	-	-	1,353,137	113,609,734
Intangible assets excluding goodwill	-	-	-	-	-	-	65,790	65,790
Investments in associates	-	-	-	-	-	-	342,045	342,045
Defined benefit assets	-	-	-	-	-	-	2,983	2,983
Deferred income tax assets	-	-	-	-	-	-	1,345,389	1,345,389
Non-current non-financial assets	-	-	-	-	-	-	5,760	5,760
Total assets	50,831,405	6,173,984	100,410,269	3,471,977	400,318	688,741	51,672,147	213,648,841
<u>Current liabilities</u>	14,822,363	1,327,072	14,233,152	577,542	363,241	7,689	27,639,610	58,970,669
Trade and other payables	3,854,684	58,001	12,547,917	5,018	39	2,695	783,329	17,251,683
Current financial liabilities	432,615	51,879	54,384	-	-	-	5,761,269	6,300,147
Current income tax liabilities	-	-	-	-	-	-	431,115	431,115
Current non-financial liabilities	6,835,824	620,063	147,988	566,728	36,762	890	10,736,385	18,944,640
Current portion of provisions	3,699,240	597,129	1,482,863	5,796	326,440	4,104	9,927,512	16,043,084
<u>Non-current liabilities</u>	17,747,022	3,380,418	68,255,161	2,494,485	(552,871)	670,852	(4,348,537)	87,646,530
Trade and other payables	6,018	14,852	10,904,313	679	-	-	519,355	11,445,217
Non-current financial liabilities	17,676,403	3,364,744	57,317,219	2,492,155	(552,988)	668,094	(5,578,723)	75,386,904
Non-current non-financial liabilities	18,596	-	32,174	-	-	-	65,543	116,313
Defined benefit liabilities	-	-	-	-	-	2,738	435,738	438,476
Non-current provisions	46,005	822	1,455	1,651	117	20	209,550	259,620
Total liabilities	32,569,385	4,707,490	82,488,313	3,072,027	(189,630)	67,8541	23,291,073	146,617,199
Issued capital	5,610,181	996,908	23,408,584	(41,728)	(15,508)	-	13,647,497	43,605,934
Retained earnings	12,651,839	469,586	(5,486,628)	44,1678	60,5456	10,200	14,674,825	23,366,956
Other components of equity	-	-	-	-	-	-	50,378	50,378
Equity attributable to the shareholders of the parent	18,262,020	1,466,494	17,921,956	399,950	589,948	10,200	28,372,700	67,023,268
Non-controlling interests	-	-	-	-	-	-	8,374	8,374
Total equity	₩18,262,020	₩1,466,494	₩17,921,956	₩399,950	₩589,948	₩10,200	₩28,381,074	₩67,031,642

December 31, 2021

	Loss compensation businesses					Other businesses		Total
	Public housing	Industrial development complex	Public housing management business	Multifunctional administrative city	Urban development	Land bank	Others	
<u>Current assets</u>	W27,620,345	W4,626,195	W137,043	W3,531,236	W482,828	W323,640	W50,381,618	W87,102,905
Cash and cash equivalents	-	-	1	-	-	-	5,235,793	5,235,794
Current financial assets	25	-	-	-	-	-	4,030,844	4,030,869
Trade and other receivables	208,972	3,203	121,699	123,789	3,854	-	286,482	747,998
Inventories	26,701,792	4,611,950	2,023	3,400,333	478,709	323,640	37,224,496	72,742,944
Current non-financial assets	709,556	11,042	13,320	7,114	265	-	3,451,978	4,193,275
Assets classified as held-for-sale	-	-	-	-	-	-	152,025	152,025
<u>Non-current assets</u>	14,859,410	1,113,678	92,145,440	52,328	3,518	17,889	6,354,896	114,547,159
Non-current financial assets	597,831	-	(48,490)	19	-	-	1,670,206	2,219,566
Trade and other receivables	2,472,428	-	21,677	51,925	3,518	17,889	525,883	3,093,321
Property, plant and equipment	236	-	-	-	-	-	1,323,123	1,323,358
Investment properties	11,788,915	1,113,678	92,172,253	384	-	-	1,355,234	106,430,464
Intangible assets excluding goodwill	-	-	-	-	-	-	56,378	56,378
Investments in associates	-	-	-	-	-	-	392,216	392,216
Deferred income tax assets	-	-	-	-	-	-	1,026,097	1,026,097
Non-current non-financial assets	-	-	-	-	-	-	5,759	5,759
Total assets	42,479,755	5,739,873	92,282,483	3,583,564	486,346	341,529	56,736,514	201,650,064
<u>Current liabilities</u>	13,162,555	1,312,791	12,562,868	400,348	388,428	12,699	26,209,767	54,049,456
Trade and other payables	3,936,523	41,675	11,060,357	6,994	79	7,134	853,819	15,906,581
Current financial liabilities	566,539	74,648	64,146	-	-	-	3,504,166	4,209,498
Current income tax liabilities	-	-	-	-	-	-	1,227,924	1,227,924
Current non-financial liabilities	5,031,025	654,495	183,364	387,658	60,079	1,406	11,586,011	17,904,038
Current portion of provisions	3,628,468	541,973	1,255,001	5,696	328,270	4,159	9,037,847	14,801,415
<u>Non-current liabilities</u>	11,279,938	2,973,931	62,808,841	2,361,209	(477,383)	311,141	5,581,278	84,838,959
Trade and other payables	(16,878)	17,552	12,429,020	563	-	-	470,216	12,900,474
Non-current financial liabilities	11,231,688	2,955,850	50,341,172	2,357,578	(477,493)	308,444	4,332,264	71,049,504
Non-current non-financial liabilities	18,410	-	35,145	-	-	-	65,615	119,170
Defined benefit liabilities	-	-	-	-	-	2,677	489,635	492,313
Non-current provisions	46,718	529	3,504	3,068	110	20	223,548	277,498
Total liabilities	24,442,493	4,286,722	75,371,709	2,761,557	(88,955)	323,840	31,791,045	138,888,415
Issued capital	5,946,825	996,908	21,072,024	(41,728)	(15,508)	0	12,021,529	39,980,050
Retained earnings	12,090,436	456,244	(4,161,248)	863,735	590,808	17,687	12,885,048	22,742,709
Other components of equity	-	-	-	-	-	-	31,903	31,903
Equity attributable to the shareholders of the parent	18,037,261	1,453,152	16,910,776	822,007	575,300	17,687	24,938,480	62,754,662
Non-controlling interests	-	-	-	-	-	-	6,989	6,989
Total equity	W18,037,261	W1,453,152	W16,910,776	W822,007	W575,300	W17,687	W24,945,469	W62,761,651

- 2) Details of divisional assets and liabilities according to consolidated accounting for public rental housing and other businesses as of December 31, 2022 and 2021 are as follows :

	December 31, 2022		
	Public rental housing business	Others	Total
<u>Current assets</u>	₩541,456	₩90,370,436	₩90,911,892
Cash and cash equivalents	416	2,759,337	2,759,753
Current financial assets	16	4,697,513	4,697,529
Trade and other receivables	156,110	980,531	1,136,641
Inventories	358,511	77,260,522	77,619,033
Current non-financial assets	26,403	4,520,508	4,546,911
Assets classified as held-for-sale	-	152,025	152,025
<u>Non-current assets</u>	113,907,630	8,829,319	122,736,949
Non-current financial assets	146,876	2,094,931	2,241,807
Trade and other receivables	2,872,353	958,533	3,830,886
Property, plant and equipment	-	1,292,555	1,292,555
Investment properties	110,888,401	2,721,333	113,609,734
Intangible assets excluding goodwill	-	65,790	65,790
Investments in associates	-	342,045	342,045
Defined benefit assets	-	2,983	2,983
Deferred income tax assets	-	1,345,389	1,345,389
Non-current non-financial assets	-	5,760	5,760
Total assets	₩114,449,086	₩99,199,755	₩213,648,841
<u>Current liabilities</u>	15,889,783	43,080,886	58,970,669
Trade and other payables	13,604,627	3,647,056	17,251,683
Current financial liabilities	153,766	6,146,381	6,300,147
Current income tax liabilities	-	431,115	431,115
Current non-financial liabilities	234,736	18,709,904	18,944,640
Current portion of provisions	1,896,654	14,146,430	16,043,084
<u>Non-current liabilities</u>	72,728,438	14,918,092	87,646,530
Trade and other payables	10,900,460	544,757	11,445,217
Non-current financial liabilities	61,784,536	13,602,368	75,386,904
Non-current non-financial liabilities	36,859	79,454	116,313
Defined benefit liabilities	-	438,476	438,476
Non-current provisions	6,583	253,037	259,620
Total liabilities	₩88,618,221	₩57,998,978	₩146,617,199
Issued capital	27,866,442	15,739,492	43,605,934
Retained earnings	(2,035,577)	25,402,533	23,366,956
Other components of equity	-	50,378	50,378
Equity attributable to the shareholders of the parent	25,830,865	41,192,403	67,023,268
Non-controlling interests	-	8,374	8,374
Total equity	₩25,830,865	₩41,200,777	₩67,031,642

December 31, 2021			
	Public rental housing business	Others	Total
<u>Current assets</u>	₩482,696	₩86,620,210	₩87,102,905
Cash and cash equivalents	1	5,235,793	5,235,794
Current financial assets	25	4,030,844	4,030,869
Trade and other receivables	130,032	617,966	747,998
Inventories	264,276	72,478,668	72,742,944
Current non-financial assets	88,362	4,104,913	4,193,275
Assets classified as held-for-sale	-	152,025	152,025
<u>Non-current assets</u>	106,258,009	8,289,150	114,547,159
Non-current financial assets	106,136	2,113,430	2,219,566
Trade and other receivables	2,260,420	832,901	3,093,321
Property, plant and equipment	-	1,323,358	1,323,358
Investment properties	103,891,453	2,539,011	106,430,464
Intangible assets excluding goodwill	-	56,378	56,378
Investments in associates	-	392,216	392,216
Deferred income tax assets	-	1,026,097	1,026,097
Non-current non-financial assets	-	5,759	5,759
Total assets	₩106,740,706	₩94,909,360	201,650,064
<u>Current liabilities</u>	13,994,614	40,054,842	54,049,456
Trade and other payables	11,847,834	4,058,746	15,906,581
Current financial liabilities	169,598	4,039,901	4,209,498
Current income tax liabilities	-	1,227,924	1,227,924
Current non-financial liabilities	260,773	17,643,265	17,904,038
Current portion of provisions	1,716,409	13,085,006	14,801,415
<u>Non-current liabilities</u>	67,647,821	17,191,138	84,838,959
Trade and other payables	12,403,241	497,233	12,900,474
Non-current financial liabilities	55,196,598	15,852,905	71,049,504
Non-current non-financial liabilities	39,060	80,110	119,170
Defined benefit liabilities	-	492,313	492,313
Non-current provisions	8,921	268,577	277,498
Total liabilities	₩81,642,435	₩57,245,979	138,888,415
Issued capital	25,871,535	14,108,515	39,980,050
Retained earnings	(773,264)	23,515,973	22,742,709
Other components of equity	-	31,093	31,903
Equity attributable to the shareholders of the parent	25,098,271	37,656,391	62,754,662
Non-controlling interests	-	6,989	6,989
Total equity	₩25,098,271	₩37,663,380	₩62,761,651

6. CASH AND CASH EQUIVALENTS:

Details of cash and cash equivalents as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022	December 31, 2021
Cash	₩ -	₩ -
Other demand deposits	2,267,987	2,219,424
Short-term investments classified as a cash equivalents	1,276,895	3,588,652
Less: Government grants	(230,423)	(130,006)
Less: Entrusted business funds - cash	(554,706)	(442,276)
Total	₩ 2,759,753	₩ 5,235,794

7. RESTRICTED CASH AND CASH EQUIVALENTS AND FINANCIAL ASSETS:

Restricted cash and cash equivalents and financial assets as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022	December 31, 2021	
Long-term financial instruments	₩237	₩439	Restricted withdrawal

8. FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (INCLUDING DERIVATIVES):

(1) Financial assets measured at fair value through profit or loss ("FVPL") as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Financial assets-FVPL:				
Investment securities	₩ -	₩ 5,299	₩ -	₩ 5,295
Debt instruments	4,111,233	1,272,673	2,278,387	1,371,231
Beneficiary right of Trust business	-	1,847	-	1,844
Total	₩4,111,233	₩1,279,819	₩2,278,387	₩1,378,370

(2) Details of derivatives as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Derivative assets:				
Currency swaps	₩ 68,116	₩ 89,967	₩ 7,852	₩ 94,144
Interest rate swaps	-	87,366	524	18,805
Total	₩ 68,116	₩ 177,333	₩ 8,376	₩ 112,948
Derivative liabilities:				
Currency swaps	₩ -	₩ -	₩ -	₩ -
Interest rate swaps	-	71,302	285	37,246
Total	₩ -	₩ 71,302	₩ 285	₩ 37,246

(3) Details of currency swaps as of December 31, 2022 are as follows (Korean won in millions and foreign currencies in thousands, except exchange rate expressed in Korean won in units):

	Contract terms	Contract amount		Contract interest rate		Contract			exchange rate
		Beginning	Ending	Unit	Sell	Purchase	Sell	Purchase	
Cash flow hedge	Credit Agricole	2015.11.10	2025.11.10	USD	100,000	113,400	2.15%	2.83%	1,134/USD
Cash flow hedge	KDB	2016.06.23	2028.06.23	USD	200,000	234,400	1.66%	2.47%	1,172/USD
Cash flow hedge	Nomura	2016.10.28	2031.10.28	USD	70,000	78,750	1.72%	2.62%	1,125/USD
Cash flow hedge	Nomura	2016.11.16	2031.11.16	USD	30,000	34,200	1.86%	2.81%	1,140/USD
Cash flow hedge	Nomura	2016.11.16	2031.11.16	USD	40,000	46,000	1.84%	2.80%	1,150/USD
Cash flow hedge	KB KOOKMIN BANK	2017.09.28	2024.09.28	HKD	470,000	68,150	2.21%	2.43%	145/HKD
Cash flow hedge	KB KOOKMIN BANK	2018.07.31	2023.07.31	CHF	100,000	114,000	2.00%	0.22%	1,140/CHF
Cash flow hedge	KDB	2020.06.04	2025.06.15	CHF	100,000	126,600	0.83%	0.19%	1,266/CHF
Cash flow hedge	WOORI BANK	2020.06.04	2025.06.15	CHF	100,000	126,700	0.83%	0.19%	1,267/CHF
Cash flow hedge	KDB	2020.10.27	2023.11.03	USD	150,000	168,825	0.43%	0.63%	1,125.5/USD
Cash flow hedge	KEB Hana BANK	2020.10.27	2023.11.03	USD	100,000	112,550	0.45%	0.63%	1,125.5/USD
Cash flow hedge	WOORI BANK	2020.10.27	2023.11.03	USD	50,000	56,275	0.45%	0.63%	1,125.5/USD
Cash flow hedge	KDB	2021.07.28	2024.08.05	USD	130,000	150,098	0.85%	0.77%	1,154.6/USD
Cash flow hedge	WOORI BANK	2021.12.15	2023.12.20	USD	130,000	153,907	0.95%	1.05%	1,183.9/USD

(4) Details of interest rate swaps as of December 31, 2022 are as follows (in millions of Korean won):

	Counterparty	Contact Terms		Principal Amount	Contact interest rate	
		Beginning	Ending		Sell	Purchase
Cash flow hedge	Credit Suisse	2014.02.19	2029.02.19	50,000	3.65%	Index floating rate
Cash flow hedge	Credit Suisse	2014.05.02	2029.05.02	100,000	3.64%	Index floating rate
Cash flow hedge	Morgan Stanley	2014.05.26	2024.05.26	50,000	3.44%	Index floating rate
Cash flow hedge	Credit Suisse	2015.08.31	2035.08.31	110,000	2.53%	KTB interest rate
Cash flow hedge	Nomura	2015.11.12	2030.11.12	50,000	2.28%	Swap interlocking interest rate
Cash flow hedge	Societe Generale	2016.04.29	2031.04.29	30,000	1.84%	Swap interlocking interest rate
Cash flow hedge	Credit Suisse	2017.04.27	2032.04.27	100,000	2.26%	KTB interest rate
Cash flow hedge	Nomura	2021.04.21	2041.04.21	120,000	1.64%	2.44%
Cash flow hedge	IBK Securities	2021.11.04	2051.11.04	100,000	2.40%	3.00%
Cash flow hedge	Nomura	2021.11.12	2041.11.12	50,000	2.23%	2.70%
Cash flow hedge	KB Securities	2022.04.18	2052.04.18	120,000	3.29%	4.00%
Cash flow hedge	KEB Hana Bank	2020.01.20	2025.01.20	200,000	1.65%	3M CD+0.16%
Cash flow hedge	KEB Hana Bank	2020.01.22	2024.01.22	200,000	1.59%	3M CD+0.16%
Cash flow hedge	KEB Hana Bank	2020.06.16	2025.06.16	200,000	1.32%	3M CD+0.40%
Cash flow hedge	KEB Hana Bank	2021.01.27	2026.01.27	300,000	1.43%	3M CD+0.22%
Cash flow hedge	KEB Hana Bank	2021.09.28	2026.09.28	300,000	2.03%	3M CD+0.21%
Cash flow hedge	KEB Hana Bank	2021.11.02	2026.11.02	200,000	2.52%	3M CD+0.28%
Cash flow hedge	Shinhan Bank	2022.03.02	2027.03.02	200,000	2.65%	3M CD+0.28%

(5) Details of gain and loss on valuation and settlement of derivative financial instruments for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022			2021		
	Gain or loss on valuation (*1)	Gain or loss on settlement (*1)	OCI (*2)	Gain or loss on valuation (*1)	Gain or loss on settlement (*1)	OCI (*2)
Currency swaps	₩109,364	₩20,574	₩(47,097)	₩122,237	₩20,105	₩14,065
Interest rate swap	(43,611)	-	70,405	(8,234)	-	15,782
Total	₩65,753	₩20,574	₩23,308	₩114,003	₩20,105	₩29,847

(*1) Gain or loss from fair value hedging are fully capitalized as borrowing costs.

(*2) Represents gross amounts before reflecting income tax effect.

9. TRADE AND OTHER RECEIVABLES:

(1) Details of trade and other receivables as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

December 31 2022				
	Gross amounts	Allowance for doubtful accounts	Present value of discounts	Carrying amounts
Current assets:				
Trade receivables	₩ 467,486	₩ (308)	₩ (866)	₩ 466,312
Other receivables	282,437	(42,160)	-	240,277
Accrued income	122,421	-	-	122,421
Due from customers for construction contracts	307,631	-	-	307,631
Subtotal	1,179,975	(42,468)	(866)	1,136,641
Non-current assets:				
Trade receivables	3,400,307	-	(20,499)	3,379,808
Deposits	476,102	-	(25,024)	451,078
Subtotal	3,876,409	-	(45,523)	3,830,886
Total	₩5,056,384	₩ (42,468)	₩(46,389)	₩4,967,527
December 31, 2021				
	Gross amounts	Allowance for doubtful accounts	Present value of discounts	Carrying amounts
Current assets:				
Trade receivables	₩ 302,132	₩ (266)	₩ (1,086)	₩ 300,780
Other receivables	248,637	(45,668)	-	202,969
Accrued income	142,644	-	-	142,644
Due from customers for construction contracts	101,605	-	-	101,605
Subtotal	795,018	(45,934)	(1,086)	747,998
Non-current assets:				
Trade receivables	2,689,521	-	(16,998)	2,672,523
Other receivables	435,185	-	(14,387)	420,798
Subtotal	3,124,706	-	(31,385)	3,093,321
Total	₩3,919,724	₩ (45,934)	₩(32,471)	₩3,841,319

(2) Credit risk and allowance for doubtful accounts

- 1) An aging analysis of trade receivables as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022	December 31, 2021
Neither overdue nor impaired	₩ 3,712,597	₩ 2,884,690
Overdue, but not impaired receivables	155,196	106,963
- Within 60 days	11,076	8,791
- 60–90 days	4,583	3,956
- 90–120 days	3,045	2,940
- More than 120 days	136,492	91,276
Subtotal	3,867,793	2,991,653
Less: Allowance for doubtful accounts	(308)	(266)
Less: Present value of discounts	(21,365)	(18,084)
Total	₩ 3,846,120	₩ 2,973,303

- 2) An aging analysis of current other receivables as of December 31, 2022 and 2021 are is as follows (in millions of Korean won) :

	December 31, 2022	December 31, 2021
Neither overdue nor impaired	₩ 17,144	₩ 121,746
Overdue, but not impaired receivables	257,603	119,967
- within 60 days	88,189	25,652
- 60–90 days	11,853	16,749
- 90–120 days	18,054	7,503
- More than 120 days	139,507	70,063
Impaired receivables	7,690	6,924
- within 60 days	49	24
- 60–90 days	54	27
- 90–120 days	82	17
- More than 120 days	7,505	6,856
Subtotal	282,437	248,637
Less: Allowance for doubtful accounts	(42,160)	(45,668)
Total	₩ 240,277	₩ 202,969

- (3) Changes in the allowance for doubtful accounts for trade and other receivables for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022		2021	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning	₩ 266	₩ 45,670	₩ 215	₩ 63,205
Bad debt expense	42	471	51	493
Write-off	-	(938)	-	(475)
Reversal	-	(3,043)	-	(17,555)
Ending	₩ 308	₩ 42,160	₩ 266	₩ 45,668

10. Financial instruments measured at fair value through other comprehensive income:

- (1) Changes in financial instruments measured at fair value through other comprehensive income ("FVOCI") for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022					
	Beginning	Acquisitions	Disposals	Valuation (*1)	Others	Ending
Listed equity instrument	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Non-listed equity instrument	66,043	-	(55)	3,180	-	69,168
Debt instrument	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	66,043	-	(55)	3,180	-	69,168
Less: Government grants	-	-	-	-	-	-
Total	₩66,043	₩ -	₩ (55)	₩3,180	₩ -	₩69,168
Current Financial assets						
-FVOCI	-	-	-	-	-	-
Non-current Financial assets						
-FVOCI	₩66,043	₩ -	₩ (55)	₩3,180	₩ -	₩69,168

(*1) It is the amount before income tax effect.

2021						
	Valuation					
	Beginning	Acquisitions	Disposals	(*1)	Others(*2)	Ending
Listed equity instrument	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Non-listed equity instrument	77,263	-	-	1,080	(12,300)	66,043
Debt instrument	-	-	-	-	-	-
Other	-	-	-	-	-	-
Subtotal	77,263	-	-	1,080	(12,300)	66,043
Less: Government grants	-	-	-	-	-	-
Total	₩77,263	₩ -	₩ -	₩1,080	₩(12,300)	₩66,043
Current Financial assets						
-FVOCI	-	-	-	-	-	-
Non-current Financial assets						
-FVOCI	₩77,263	₩ -	₩ -	₩1,080	₩ (12,300)	₩66,043

(*1) It is the amount before income tax effect.

(*2) It has been replaced by investments in associates.

(2) Details of equity instruments-FVOCI as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

December 31, 2022					
	Number of shares Held	Ownership	Acquisition cost	Carrying amount	Fair value
Non-listed equity securities:					
Korea Overseas Infrastructure Development Co.	6,274,800	7.07%	₩31,374	₩35,106	₩35,106
Korea Housing Guarantee	5,350,200	0.94%	26,775	26,775	26,775
Keangnam Enterprises, Ltd.	275	0.00%	52	-	-
Dong Yang Engineering & Construction group	49	0.00%	-	1	1
Other equity investments	-	-	7,286	7,286	7,286
Total			₩65,487	₩69,168	₩69,168

December 31, 2021					
	Number of shares Held	Ownership	Acquisition cost	Carrying amount	Fair value
Non-listed equity securities:					
Korea Overseas Infrastructure Development Co.	6,274,800	7.97%	₩31,374	₩31,925	₩31,925
Korea Housing Guarantee	5,350,200	1.01%	26,775	26,775	26,775
STX Construction	93	0.01%	1	-	-
Keangnam Enterprises, Ltd.	275	0.00%	52	-	-
SAMBU Construction Co. LTD.	23,915	0.02%	33	56	56
Dong Yang Engineering & Construction group	49	0.00%	-	1	1
Other equity investments	-	-	7,286	7,286	7,286
Total			₩65,521	₩66,043	₩66,043

11. FINANCIAL ASSETS MEASURED AT AMORTIZED COST:

Details of Financial assets measured at amortized cost (“AC”) as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

		December 31, 2022							
		Amortized		Government		Trust Business		Other	Carrying
		Cost		Grants		Funds			Amounts
Government and public bonds		₩	-	₩	-	₩	-	₩	-
Other			-		-		-		-
Total		₩	-	₩	-	₩	-	₩	-
Current Financial assets-AC			-		-		-		-
Non-current Financial assets-AC		₩	-	₩	-	₩	-	₩	-

		December 31, 2021							
		Amortized		Government		Trust Business		Other	Carrying
		Cost		Grants		Funds			Amounts
Government and public bonds		₩	-	₩	-	₩	-	₩	-
Other			427		-		-		427
Total		₩	427	₩	-	₩	-	₩	427
Current Financial assets-AC			-		-		-		-
Non-current Financial assets-AC		₩	427	₩	-	₩	-	₩	427

12. LOANS:

Details of loans as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

		December 31, 2022			
		Present value of			
		Gross amount	Discount	Carrying amount	
Student loans (*1)		₩ 9,209	₩ -	₩ 9,209	
Housing fund loans (*2)		16	-	16	
Long-term loans for lot sales		43,629	-	43,629	
Urban development reallocation loans		2,748	(21)	2,727	
Underage head of household loans		198	-	198	
Other long-term loans		139	-	139	
Housing loans		450	-	450	
Loans for urban renewal project		654,323	-	654,323	
Risky building reallocation loan		4,260	(58)	4,202	
Short-term loans		15	-	15	
Total		₩ 714,987	₩ (79)	₩ 714,908	

	December 31, 2021		
	Gross amount	Present value of Discount	Carrying amount
Student loans (*1)	₩ 12,068	₩ -	₩ 12,068
Housing fund loans (*2)	23	-	23
Long-term loans for lot sales	13,722	-	13,722
Urban development reallocation loans	3,312	-	3,312
Underage head of household loans	198	-	198
Other long-term loans	139	-	139
Housing loans	598	-	598
Loans for urban renewal project	626,955	-	626,955
Risky building reallocation loan	4,278	(8)	4,270
Short -term loans	25	-	25
Total	₩ 661,318	₩ (8)	₩ 661,310

(*1) The Group provides student loans at market interest rates to the dependents of employees who have been in employment with the Group for at least one year. Repayments of loans are made in installments and deducted from the employee's monthly salaries.

(*2) In connection with the relocation of the Group, housing loans are provided to eligible employees at market rate. The loans are to be repaid fully within three years.

13. FINANCIAL ASSETS:

Details of financial assets as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Short-term financial instruments	₩ 509,000	₩ -	₩ 1,735,286	₩ -
Special deposits	9,165	872	8,794	770
Total	₩ 518,165	₩ 872	₩ 1,744,080	₩ 770

14. **INVENTORIES:**

Details of inventories as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022		
	Acquisition costs	Valuation allowance	Carrying amounts
Goods	₩ 821,338	₩ (12,513)	₩ 808,825
Finished goods	12,932,452	(1,383,118)	11,549,334
Work-in-progress	66,060,745	(800,487)	65,260,258
Supplies	616	-	616
Total	₩ 79,815,151	₩(2,196,118)	₩77,619,033

	December 31, 2021		
	Acquisition costs	Valuation allowance	Carrying amounts
Goods	₩ 1,431,057	₩ (26,012)	₩ 1,405,045
Finished goods	13,519,684	(1,722,274)	11,797,410
Work-in-progress	60,623,952	(1,083,988)	59,539,964
Supplies	525	-	525
Total	₩ 75,575,218	₩(2,832,274)	₩72,742,944

The Group recognized acquisition costs of ₩13,075,943 million and ₩17,232,954 million as Cost of Sales for the years ended December 31, 2022 and 2021, respectively. Also, the Group recognized a loss on valuation of inventories amounting to ₩332,471 million and ₩625,415 million for the years ended December 31, 2022 and 2021, respectively, and reversal of provision amounting to ₩968,628 million and ₩1,678,387 million for the years ended December 31, 2022 and 2021, respectively.

15. **NON-FINANCIAL ASSETS:**

Details of non-financial assets as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Advance payments	₩ 585,544	₩ -	₩ 762,965	₩ -
Prepaid expenses	15,493	393	17,598	472
Payment on behalf of others for construction contracts(*1)	2,895,797	-	2,968,206	-
Other prepaid expenses	25,104	-	14,396	-
Others(*2)	1,024,973	5,367	430,111	5,287
Total	₩4,546,911	₩5,760	₩4,193,276	₩5,759

(*1) Payment on behalf of others for contract work: Construction costs paid on behalf of others + Construction warranties paid on behalf of others + Consignment construction costs paid on behalf of others + Advance payments on behalf of others for consignment service.

(*2) Other: Deposits related to collateral lodgment, Compensation consignment paid on behalf of others, Business consignment paid on behalf of others, SPC paid on behalf of others etc.

16. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES:

(1) Details of investments in associates and joint ventures as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	Location	December 31, 2022			December 31, 2021		
		Ownership	Acquisition cost	Carrying amounts	Ownership	Acquisition cost	Carrying amounts
Korea Construction Management Corporation	Korea	38.57%	₩2,533	₩21	38.57%	₩4,600	₩2,883
Pentaport Co., Ltd.	Korea	-	-	-	19.90%	60	-
Pentaport Development Co., Ltd.	Korea	-	-	-	19.90%	11,940	-
Chungju Enterprise City Development Co., Ltd.	Korea	23.41%	4,683	4,643	23.41%	7,960	7,921
Jun wave Co., Ltd.	Korea	44.00%	6,260	-	44.00%	6,260	-
Smart City Co., Ltd.	Korea	19.90%	9,412	472	19.90%	9,412	531
Smart City Asset Management Co., Ltd.	Korea	19.90%	60	55	19.90%	60	54
Alpha Dome City Co., Ltd.	Korea	28.34%	93,423	300	28.34%	93,423	10,171
Alpha Dome City Asset Management Co., Ltd.	Korea	35.50%	95	32	35.50%	95	-
Sinkyungju Development Co., Ltd.	Korea	15.00%	750	1,303	15.00%	750	-
Sinkyungju Development Management Co., Ltd.	Korea	15.00%	45	48	15.00%	45	49
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.84%	30,400	15,224	19.84%	30,400	20,113
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.86%	13,800	4,435	19.86%	13,800	5,720
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.89%	30,000	18,985	19.89%	30,000	24,574
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.83%	27,800	23,748	19.83%	27,800	26,517
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.93%	22,900	16,800	19.93%	22,900	18,744
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.87%	21,900	19,251	19.87%	21,900	21,080
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.93%	27,300	24,449	19.93%	27,300	27,130
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.92%	24,500	5,387	19.92%	24,500	9,268
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.86%	14,200	4,269	19.86%	14,200	6,910
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.90%	24,900	23,343	19.90%	24,900	26,722
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.88%	20,700	14,612	19.88%	20,700	18,253
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.91%	17,800	12,965	19.91%	17,800	16,500
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.90%	20,500	28,721	19.90%	20,500	32,202
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.90%	15,800	13,774	19.90%	15,800	16,322
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.91%	18,100	19,182	19.91%	18,100	22,102
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	Korea	19.92%	10,600	12,509	19.92%	10,600	14,993
National Happy Housing No.1 REIT Co., Ltd.	Korea	20.00%	3,434	1,146	20.00%	3,434	1,646
National Happy Housing No.2 REIT Co., Ltd.	Korea	19.92%	4,925	1,948	19.92%	4,925	2,692
Passive House Circulation Housing REIT Co., Ltd.	Korea	15.00%	3,300	2,628	15.00%	3,300	3,238
Zero Energy Lease REIT No.2 Co., Ltd.	Korea	15.79%	12,300	15,662	15.79%	12,300	16,441
Cheongju Culture Factory Real Estate Investment Trust	Korea	19.21%	2,500	2,513	19.21%	2,500	2,410
Land Assistance REIT No.1 Co., Ltd.	Korea	10.00%	15,390	13,087	10.00%	15,390	13,078
Land Assistance REIT No.2 Co., Ltd.	Korea	10.00%	6,033	2,478	10.00%	6,033	2,587
Sandan Jaesaeng1ho West Daegu Jisik Sanup Center Real Estate Investment Trust	Korea	11.88%	2,400	1,898	11.88%	2,400	2,097
Sandan Jaesaeng2ho Seongnam Jisik Sanup Center Real Estate Investment Trust	Korea	17.30%	9,600	8,423	17.30%	9,600	8,536
VTK Hung Yen IP Co.,LTD	Oversea	35.00%	6,591	5,574	35.00%	3,945	3,865
KMIC Development Co., Ltd.	Overseas	40.00%	7,608	6,973	40.00%	7,608	6,867
Sejong Smartciy Co., Ltd.	Korea	17.33%	15,600	15,187	-	-	-
Total			₩548,142	₩342,045		₩547,241	₩392,216

(2) Changes in investments in associates for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022						
	Beginning	Acquisitions	Disposal	Dividends	Share of profit (loss)	Others	Ending
Korea Construction Management Corporation	₩ 2,883	₩ -	₩(2,067)	₩ -	₩ (795)	₩ -	₩ 21
Chungju Enterprise City Development Co., Ltd.	7,921	-	(3,277)	-	-	-	4,643
Smart City Co., Ltd.	531	-	-	-	(59)	-	472
Smart City Asset Management Co., Ltd.	54	-	-	-	2	-	55
Alpha Dome City Co., Ltd.	10,171	-	-	(8,923)	(949)	-	300
Alpha Dome City Asset Management Co., Ltd.	-	-	-	-	32	-	32
Sinkyungju Development Co., Ltd.	-	-	-	-	1,303	-	1,303
Sinkyungju Development Management Co., Ltd.	49	-	-	-	(1)	-	48
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	20,113	-	-	-	(4,889)	-	15,224
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	5,720	-	-	-	(1,285)	-	4,435
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	24,574	-	-	-	(3,357)	(2,231)	18,985
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	26,517	-	-	-	(2,769)	-	23,748
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	18,744	-	-	-	(1,944)	-	16,800
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	21,080	-	-	-	(1,828)	-	19,251
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	27,130	-	-	-	(2,682)	-	24,449
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	9,268	-	-	-	(3,881)	-	5,387
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	6,910	-	-	-	(2,642)	-	4,269
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	26,722	-	-	-	(3,380)	-	23,343
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	18,253	-	-	-	(3,641)	-	14,612
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	16,500	-	-	-	(3,536)	-	12,965
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	32,202	-	-	-	(3,481)	-	28,721
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	16,322	-	-	-	(2,547)	-	13,774
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	22,102	-	-	-	(2,920)	-	19,182
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	14,993	-	-	-	(2,484)	-	12,509
National Happy Housing No.1 REIT Co., Ltd.	1,646	-	-	-	(501)	-	1,146
National Happy Housing No.2 REIT Co., Ltd.	2,692	-	-	-	(744)	-	1,948
Passive House Circulation Housing REIT Co., Ltd.	3,237	-	-	-	(609)	-	2,628
Cheongju Culture Factory Real Estate Investment Trust	2,410	-	-	-	103	-	2,513
Land Assistance REIT No.1 Co., Ltd.	13,078	-	-	-	9	-	13,087
Land Assistance REIT No.2 Co., Ltd.	2,587	-	-	(221)	112	-	2,478
Sandan Jaesaeng1ho West Daegu Jisik Sanup Center Real Estate Investment Trust	2,097	-	-	-	(199)	-	1,898
KMIC Development Co., Ltd.	6,867	-	-	-	(727)	833	6,973
Sandan Jaesaeng2ho Seongnam Jisik Sanup Center Real Estate Investment Trust	8,536	-	-	-	(113)	-	8,423
Zero Energy Lease REIT No.2 Co., Ltd.	16,441	-	-	-	(779)	-	15,662
VTK HUNG YEN IP Co.,LTD	3,865	2,726	-	-	(1,272)	256	5,574
Sejong Smartcity Co., Ltd.	-	15,600	-	-	(410)	(3)	15,187
Total	₩392,216	₩18,326	₩(5,344)	₩(9,144)	₩(52,863)	₩(1,145)	₩342,045

December 31, 2021							
	Beginning	Acquisitions	Disposal	Impairment	Dividends	Others	Ending
Korea Construction Management Corporation	₩ 8,002	₩ -	₩ (5,912)	₩ -	₩ 905	₩ (112)	₩ 2,883
Chungju Enterprise City Development Co., Ltd.	5,909	-	-	-	2,012	-	7,921
Smart City Co., Ltd.	549	-	-	-	(19)	-	531
Smart City Asset Management Co., Ltd.	53	-	-	-	1	-	54
Alpha Dome City Co., Ltd.	14,230	-	-	-	(4,059)	-	10,171
Sinkyungju Development Management Co., Ltd.	37	-	-	-	11	-	49
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	24,360	-	-	-	(4,247)	-	20,113
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	7,129	-	-	-	(1,408)	-	5,720
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	28,069	-	-	-	(3,495)	-	24,574
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	28,864	-	-	-	(2,347)	-	26,517
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	20,927	-	-	-	(2,183)	-	18,744
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	22,864	-	-	-	(1,784)	-	21,080
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	29,836	-	-	-	(2,706)	-	27,130
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	13,232	-	-	-	(3,964)	-	9,268
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	9,577	-	-	-	(2,667)	-	6,910
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	30,788	-	-	-	(4,066)	-	26,722
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	21,704	-	-	-	(3,452)	-	18,253
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	19,317	-	-	-	(2,817)	-	16,500
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	35,888	-	-	-	(3,686)	-	32,202
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	19,026	-	-	-	(2,705)	-	16,322
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	24,514	-	-	-	(2,412)	-	22,102
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	16,708	-	-	-	(1,716)	-	14,993
National Happy Housing No.1 REIT Co., Ltd.	2,126	-	-	-	(480)	-	1,646
National Happy Housing No.2 REIT Co., Ltd.	3,515	-	-	-	(823)	-	2,692
Passive House Circulation Housing REIT Co., Ltd.	3,855	-	-	-	(618)	-	3,237
Cheongju Culture Factory Real Estate Investment Trust	2,340	-	-	-	69	-	2,410
Land Assistance REIT No.1 Co., Ltd.	13,267	-	-	(308)	294	(175)	13,078
Land Assistance REIT No.2 Co., Ltd.	2,483	-	-	(229)	52	281	2,587
Sandan Jaesaeng1ho West Daegu Jisik Sanup Center Real Estate Investment Trust	2,291	-	-	-	(194)	-	2,097
KMIC Development Co., Ltd.	6,589	-	-	-	544	(265)	6,867
Sandan Jaesaeng2ho Seongnam Jisik Sanup Center Real Estate Investment Trust	-	9,600	-	-	(1,016)	(48)	8,536
Zero Energy Lease REIT No.2 Co., Ltd.	-	12,300	-	-	4,204	(62)	16,441
VTK HUNG YEN IP Co.,LTD	-	3,945	-	-	(49)	(32)	3,865
Total	₩418,050	₩25,845	₩(5,912)	₩(536)	₩(44,817)	₩(413)	₩392,216

(3) Details of financial information of associates as of and for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022			
	Assets	Liabilities	Revenue	Profit (loss)
Korea Construction Management Corporation	₩ 5,346	₩ 824	₩ 3,387	₩ (7,586)
Chungju Enterprise City Development Co., Ltd.	24,933	5,776	17,189	(677)
Jun wave Co., Ltd.	1,488	73,357	-	-
Smart City Co., Ltd.	2,760	391	-	(297)
Smart City Asset Management Co., Ltd.	701	423	64	8
Alpha Dome City Co., Ltd.	2,842	1,784	-	(1,171)
Alpha Dome City Asset Management Co., Ltd.	673	582	964	6
Sinkyungju Development Co., Ltd.	96,303	87,615	73,387	12,698
Sinkyungju Development Management Co., Ltd.	387	66	1,308	4
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	1,153,692	1,119,431	14,362	(24,638)
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	545,324	510,688	9,119	(6,365)
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	1,070,595	1,027,961	14,536	(16,877)
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	1,043,061	983,387	15,216	(13,962)
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	826,775	759,674	13,225	(9,777)
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	738,261	675,531	13,086	(9,191)
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	885,909	813,259	15,661	(13,453)
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	1,054,783	1,024,318	15,646	(19,485)
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	643,627	634,053	10,203	(13,301)
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	1,212,610	1,162,588	13,898	(17,585)
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	906,487	868,695	13,088	(18,315)
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	827,090	786,945	9,118	(14,988)
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	912,862	854,841	12,882	(17,308)
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	725,064	684,934	11,447	(12,759)
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	834,522	779,161	10,488	(14,666)
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	528,162	500,410	6,665	(12,446)
National Happy Housing No.1 REIT Co., Ltd.	195,405	189,677	4,085	(2,504)
National Happy Housing No.2 REIT Co., Ltd.	245,043	235,266	4,263	(3,728)
Passive House Circulation Housing REIT Co., Ltd	133,902	132,164	2,085	(4,063)
Cheongju Culture Factory Real Estate InvestmentTrust	33,405	20,324	2,413	578
Land Assistance REIT No.1 Co. Ltd.	536,095	391,747	15,090	3,083
Land Assistance REIT No.2 Co. Ltd.	206,744	145,377	5,590	1,060
Sandan Jaesaeng1ho West Daegu Jisik SanupCenter Real Estate Investment Trust	55,464	39,484	772	(1,674)
Sandan Jaesaeng2ho West Daegu Jisik Sanup Center Real Estate Investment Trust	54,250	119	-	(653)
Zero Energy Lease REIT No.2 Co., Ltd.	308,408	235,245	-	(3,050)
KMIC Development Co.,LTD..	17,580	148	-	(847)
VTK HUNG YEN IP Co.,LTD	59,180	43,252	-	(1,275)
Sejong Smartciy Co., Ltd.	89,386	1,753	-	(2,367)

	December 31, 2021			
	Assets	Liabilities	Revenue	Profit (loss)
Korea Construction Management Corporation	₩ 28,533	₩ 9,706	₩ 23,264	₩ (4,292)
Pentaport Co., Ltd.	95	371	98	-
Pentaport Development Co., Ltd.	1,188	395,945	-	(438)
Chungju Enterprise City Development Co., Ltd.	56,391	22,557	45,543	8,594
Jun wave Co., Ltd.	1,488	73,357	-	-
Smart City Co., Ltd.	2,676	9	-	(94)
Smart City Asset Management Co., Ltd.	692	422	66	4
Alpha Dome City Co., Ltd.	35,893	4	-	(14,321)
Alpha Dome City Asset Management Co., Ltd.	1,581	1,752	2,908	84
Sinkyungju Development Co., Ltd.	82,540	86,550	107,496	12,999
Sinkyungju Development Management Co., Ltd.	375	50	1,054	76
NHF No. 1 Third-Party Managed REIT for Development of Public Rental Housing	1,163,450	1,104,549	13,758	(21,901)
NHF No. 2 Third-Party Managed REIT for Development of Public Rental Housing	550,249	509,142	9,141	(6,943)
NHF No. 3 Third-Party Managed REIT for Development of Public Rental Housing	1,099,817	1,029,086	13,235	(17,688)
NHF No. 4 Third-Party Managed REIT for Development of Public Rental Housing	1,058,411	984,775	14,742	(11,831)
NHF No. 5 Third-Party Managed REIT for Development of Public Rental Housing	833,526	756,669	12,828	(10,953)
NHF No. 6 Third-Party Managed REIT for Development of Public Rental Housing	752,235	680,304	13,224	(8,980)
NHF No. 7 Third-Party Managed REIT for Development of Public Rental Housing	902,394	816,290	16,138	(13,578)
NHF No. 8 Third-Party Managed REIT for Development of Public Rental Housing	1,080,165	1,030,215	15,198	(20,342)
NHF No. 9 Third-Party Managed REIT for Development of Public Rental Housing	657,563	634,688	10,120	(13,427)
NHF No. 10 Third-Party Managed REIT for Development of Public Rental Housing	1,236,196	1,169,189	14,565	(19,071)
NHF No. 11 Third-Party Managed REIT for Development of Public Rental Housing	924,710	868,603	14,270	(17,393)
NHF No. 12 Third-Party Managed REIT for Development of Public Rental Housing	852,640	794,738	10,241	(14,147)
NHF No. 13 Third-Party Managed REIT for Development of Public Rental Housing	942,859	867,344	12,110	(18,522)
NHF No. 14 Third-Party Managed REIT for Development of Public Rental Housing	722,843	669,913	10,342	(13,593)
NHF No. 15 Third-Party Managed REIT for Development of Public Rental Housing	856,410	786,383	23,539	(12,114)
NHF No. 16 Third-Party Managed REIT for Development of Public Rental Housing	587,556	547,334	1,197	(8,614)
National Happy Housing No.1 REIT Co., Ltd.	197,851	189,619	4,043	(2,400)
National Happy Housing No.2 REIT Co., Ltd.	249,199	235,685	4,8788	(4,097)
Passive House Circulation Housing REIT Co., Ltd	156,344	150,534	2,098	(4,117)
Cheongju Culture Factory Real Estate InvestmentTrust	40,834	28,289	2,312	364
Land Assistance REIT No.1 Co. Ltd.	536,007	391,745	14,902	2,996
Land Assistance REIT No.2 Co. Ltd.	207,910	145,446	5,590	2,158
Sandan Jaesaeng1ho West Daegu Jisik SanupCenter Real Estate Investment Trust	47,377	29,723	87	(1,131)
KMIC Development Co.,LTD..	17,427	259	-	(753)
Sandan Jaesaeng2ho West Daegu Jisik Sanup Center Real Estate Investment Trust	54,903	119	-	(223)
Zero Energy Lease REIT No.2 Co., Ltd.	184,709	108,496	-	(1,286)
VTK HUNG YEN IP Co.,LTD	11,073	30	-	(139)

17. PROPERTY, PLANT AND EQUIPMENT:

(1) Details in property, plant and equipment as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated Impairment losses	Carrying amounts
Land	₩ 343,032	₩ (1,667)	₩ -	₩ -	₩ 341,365
Buildings	936,821	(13,727)	(223,776)	(3,135)	696,183
Structures	103,760	-	(45,754)	-	58,006
Machinery	251,502	-	(153,561)	-	97,941
Vehicles	4,746	-	(4,175)	-	571
Furniture and fixtures	194,748	-	(132,018)	-	62,730
Tools and equipment	28,838	(3,297)	(24,378)	-	1,163
Right-of-use	63,341	-	(31,419)	-	31,922
Construction in progress	2,674	-	-	-	2,674
Total	₩1,929,462	₩ (18,691)	₩(615,081)	₩ (3,135)	₩ 1,292,555

	December 31, 2021				
	Acquisition cost	Government grants	Accumulated depreciation	Accumulated impairment losses	Carrying amounts
Land	₩ 343,055	₩ (1,667)	₩ -	₩ -	₩ 341,388
Buildings	936,883	(14,044)	(204,245)	-	718,594
Structures	101,149	-	(40,630)	-	60,519
Machinery	249,933	-	(141,024)	-	108,909
Vehicles	4,657	-	(3,789)	-	868
Furniture and fixtures	179,614	-	(117,942)	-	61,672
Tools and equipment	27,985	(4,011)	(21,527)	-	2,448
Right-of-use	47,816	-	(19,137)	-	28,679
Construction in progress	1,521	(1,240)	-	-	281
Total	₩1,892,613	₩ (20,962)	₩(548,294)	₩ -	₩1,323,358

(2) Changes in property, plant and equipment for the years ended December 31, 2022 and 2021 are as follows
(in millions of Korean won):

	December 31, 2022					
	Beginning	Additions (*1)	Disposals	Depreciation	Impairment	Ending
Land	₩ 343,055	₩ -	₩ (23)	₩ -	₩ -	₩ 343,032
Less: Government grants	(1,667)	-	-	-	-	(1,667)
Buildings	732,639	3	(32)	(19,565)	(3,135)	709,910
Less: Government grants	(14,044)	-	-	317	-	(13,727)
Structures	60,519	2,636	-	(5,149)	-	58,006
Machinery	108,909	1,569	-	(12,537)	-	97,941
Vehicles	868	117	-	(414)	-	571
Less: Government grants	-	-	-	-	-	-
Furniture and fixtures	61,672	22,166	(103)	(20,971)	-	62,730
Tools and equipment	6,459	845	(58)	(2,762)	-	4,460
Less: Government grants	(4,011)	29	-	685	-	(3,297)
Right-of-use	28,678	11,828	(280)	(19,321)	-	31,922
Construction in progress	1,521	250	-	-	-	2,674
Less: Government grants	(1,240)	1,240	-	-	-	-
Total	₩1,323,358	₩40,683	₩ (496)	₩ (79,717)	₩ (3,135)	₩1,292,555

(*1) Additions include the amounts of the capitalized borrowing costs.

	December 31, 2021					
	Beginning	Additions (*1)	Disposals	Depreciation	Others	Ending
Land	₩ 345,895	₩ -	₩(2,840)	₩ -	₩ -	₩ 343,055
Less: Government grants	(1,667)	-	-	-	-	(1,667)
Buildings	753,279	-	(1,047)	(19,593)	-	732,639
Less: Government grants	(14,062)	(300)	-	318	-	(14,044)
Structures	37,661	5,433	-	(3,110)	20,535	60,519
Machinery	121,403	4	-	(12,496)	(2)	108,909
Vehicles	1,142	245	-	(519)	-	868
Less: Government grants	(47)	-	-	47	-	-
Furniture and fixtures	50,242	30,187	(6)	(18,732)	(19)	61,672
Tools and equipment	8,145	1,482	-	(3,168)	-	6,459
Less: Government grants	(4,667)	(31)	-	687	-	(4,011)
Right-of-use	19,421	30,291	(3,972)	(16,964)	(98)	28,678
Construction in progress	19,254	-	-	-	(17,733)	1,521
Less: Government grants	(4,000)	2,760	-	-	-	(1,240)
Total	₩1,331,999	₩70,071	₩(7,865)	₩(73,530)	₩2,683	₩1,323,358

(*1) Additions include the amounts of the capitalized borrowing costs.

18. INVESTMENT PROPERTIES:

- (1) Acquisition costs and net book values of investment properties as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022			
	Acquisition cost	Government grants	Accumulated depreciation	Carrying amounts
Land	₩ 639,294	₩ -	₩ -	₩ 639,294
Buildings (*)	111,744,681	(214,251)	(11,424,062)	100,106,368
Construction in progress	12,951,002	(86,930)	-	12,864,072
Total	₩125,334,977	₩(301,181)	₩(11,424,062)	₩113,609,734

(*) Buildings, as the collective buildings for rental housing, include the value of land.

	December 31, 2021			
	Acquisition cost	Government grants	Accumulated depreciation	Carrying amounts
Land	₩ 662,141	₩ -	₩ -	₩ 662,141
Buildings (*)	102,620,102	(183,922)	(10,276,878)	92,159,302
Construction in progress	13,681,232	(72,210)	-	13,609,021
Total	₩116,963,474	₩(256,132)	₩(10,276,878)	₩106,430,464

(*) Buildings, as the collective buildings for rental housing, include the value of land.

- (2) Changes in the net book values of investment properties for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022					
	Beginning	Additions	Disposals	Depreciation	Others (*1)	Ending
Land	₩ 662,141	₩ -	₩ -	₩ -	₩ (22,847)	₩ 639,294
Buildings	92,343,224	47,136	(10,602)	(1,290,213)	9,231,074	100,320,619
Less: Government grants	(183,922)	(21,586)	-	6,401	(15,144)	(214,251)
Construction in progress	13,681,232	12,257,247	-	-	(12,987,477)	12,951,002
Less: Government grants	(72,210)	3,953	-	-	(18,673)	(86,929)
Total	₩106,430,465	₩12,286,750	₩ (10,602)	₩(1,283,812)	₩(3,813,067)	₩113,609,734

(*1) Others include amounts transferred in from property, plant and equipment and inventories.

	December 31, 2021					
	Beginning	Additions	Disposals	Depreciation	Others (*1)	Ending
Land	₩ 712,921	₩ -	₩ -	₩ -	₩ (50,780)	₩ 662,141
Buildings	87,582,666	97,460	-	(1,189,848)	5,852,946	92,343,224
Less: Government grants	(161,956)	(3,984)	-	6,310	(24,292)	(183,922)
Construction in progress	13,589,283	3,591,825	-	-	(3,499,876)	13,681,232
Less: Government grants	(78,732)	5,295	-	-	1,227	(72,210)
Total	<u>₩101,644,182</u>	<u>₩3,690,596</u>	<u>₩ -</u>	<u>₩(1,183,538)</u>	<u>₩2,279,225</u>	<u>₩106,430,465</u>

(*1) Others include amounts transferred in from property, plant and equipment and inventories.

(3) Details of rental income and expense for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Rental income	₩ 1,531,728	₩ 1,477,297
Rental expenses	<u>(3,467,972)</u>	<u>(3,270,739)</u>
Total	<u>₩ (1,936,246)</u>	<u>₩ (1,793,442)</u>

(4) Fair values of investment properties as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022		December 31, 2021	
	Book value	Fair value	Book value	Fair value
Land	₩ 639,294	₩ 1,028,812	₩ 662,141	₩ 1,034,722
Buildings	100,106,368	159,035,019	92,159,302	149,886,916
Construction in progress	<u>12,864,072</u>	<u>12,864,073</u>	<u>13,609,021</u>	<u>13,609,021</u>
Total	<u>₩113,609,734</u>	<u>₩ 172,927,904</u>	<u>₩106,430,464</u>	<u>₩ 164,530,659</u>

The fair values of investment properties are measured using the assumptions that market participants would use when pricing the investment properties, who are assumed to act in their economic best interest. A fair value measurement of investment properties takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. A fair value is measured by valuation method for which the lowest- level input that is significant to the fair value measurement is unobservable (Level 3).

(5) All investment properties of the Group are real estates that it owns.

19. CONSTRUCTION CONTRACTS:

- (1) Changes in balances of construction contracts for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022			
	Beginning	Increase	Revenue Recognized	Ending
Housing construction	₩5,448,235	₩1,993,640	₩(872,029)	₩6,569,846

	2021			
	Beginning	Decrease	Revenue Recognized	Ending
Housing construction	₩2,611,491	₩3,432,872	₩(596,128)	₩5,448,235

- (2) Details of income or loss from construction contracts in progress as of and for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	Cumulated contract revenue	Cumulated contract cost	Cumulated contract income	Advance from customers(including due to customer)
2022	₩2,866,241	₩1,993,619	₩872,622	₩1,206,345
2021	₩1,994,925	₩1,402,240	₩592,685	₩ 647,534

- (3) Details of due from customers and due to customer as of December 31, 2022 and 2021 are as follows (in millions of Korean won)

	December 31, 2022		December 31, 2021	
	Due from Customer	Due to Customer	Due from Customer	Due to Customer
Housing construction	₩307,631	₩104,237	₩101,606	₩98,315

20. CONTRACT ASSETS AND CONTRACT LIABILITIES:

Details of contract assets and contract liabilities as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

Description	December 31, 2022	December 31, 2021
Contract assets:		
Due from customer	₩ 307,631	₩ 101,606
Long-term loans for real-estate sales	43,629	13,722
Total	₩ 351,260	₩ 115,328
Contract liabilities:		
Due to customer	₩ 104,237	₩ 98,315
Advances from real-estate sales	15,927,239	15,386,562
Total	₩ 16,031,476	₩ 15,484,877

21. INTANGIBLE ASSETS EXCLUDING GOODWILL:

(1) Acquisition costs and net book values of intangible assets excluding goodwill, as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022			
	Acquisition costs	Government grants	Accumulated depreciation	Book values
Brand	₩ 89	₩ -	₩ (88)	₩ 1
Software	76,824	-	(54,807)	22,017
Copyright, patent and industrial property rights	850	-	(551)	299
Development costs	138,602	(229)	(116,805)	21,568
Intangible assets in development	8,303	-	-	8,303
Others	13,602	-	-	13,602
Total	₩ 238,270	₩ (229)	₩(172,251)	₩ 65,790

	December 31, 2021			
	Acquisition costs	Government grants	Accumulated depreciation	Book values
Brand	₩ 89	₩ -	₩ (85)	₩ 4
Software	69,782	-	(48,704)	21,078
Copyright, patent and industrial property rights	725	-	(478)	246
Development costs	130,372	(166)	(109,629)	20,576
Intangible assets in development	3,367	-	-	3,367
Others	11,106	-	-	11,106
Total	₩ 215,441	₩ (166)	₩(158,897)	₩ 56,378

(2) Changes in the net book value of intangible assets excluding goodwill for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022					
	Beginning	Additions	Disposals	Amortization	Others	Ending
Brand name	₩ 4	₩ -	₩ -	₩ (3)	₩ -	₩ 1
Software	21,078	7,400	(27)	(6,434)	-	22,017
Copyright, patent and industrial property rights	247	4	-	(76)	124	299
Development costs	20,742	2,016	-	(7,930)	6,969	21,797
(less government grants)	(165)	(100)	-	36	-	(229)
Intangible assets in development	3,367	12,029	-	-	(7,093)	8,303
Others	11,105	2,497	-	-	-	13,602
Total	₩56,378	₩23,846	₩(27)	₩(14,407)	₩ -	₩65,790

	December 31, 2021					
	Beginning	Additions	Disposals	Amortization	Others	Ending
Brand name	₩ 7	₩ -	₩ -	₩ (3)	₩ -	₩ 4
Software	11,799	14,515	-	(5,236)	-	21,078
Copyright, patent and industrial property rights	187	-	-	(37)	97	247
Development costs	15,675	607	-	(7,247)	11,707	20,742
(less government grants)	(160)	18	-	(23)	-	(165)
Intangible assets in development	6,147	9,046	(22)	-	(11,804)	3,367
Others	11,046	59	-	-	-	11,105
Total	₩44,701	₩24,245	₩(22)	₩(12,546)	₩ -	₩56,378

22. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS:

Financial liabilities at fair value through profit or loss as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
Derivative liabilities	₩ -	₩71,302	₩285,090	₩37,246

23. TRADE AND OTHER PAYABLES:

Details of trade and other payables as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Trade payables	₩ 3,293,744	₩ 1,753	₩ 3,662,835	₩ 1,837
Other payables	296,469	-	366,812	-
Accrued expenses	330,075	492,631	294,274	433,652
Leasehold Deposits received	13,319,101	10,920,005	11,525,073	12,438,600
Deposits received	9,776	-	54,373	-
Lease liabilities	<u>2,518</u>	<u>30,828</u>	<u>3,214</u>	<u>26,385</u>
Total	<u>₩17,251,683</u>	<u>₩11,445,217</u>	<u>₩15,906,581</u>	<u>₩12,900,474</u>

24. **BORROWINGS AND BONDS:**

(1) Details of borrowings and bonds as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

Description	December 31, 2022	December 31, 2021
Current liabilities:		
Short-term borrowings	₩ 2,500,000	₩ 1,900,000
Current portion of long-term borrowings	436,241	788,635
Current portion of bonds	3,364,723	1,520,683
Addition: Government grants	1,886	2,037
Less: Present value of discount	(1,887)	(2,047)
Less: Bond issuance discount	(816)	(95)
Subtotal	6,300,147	4,209,213
Non-current liabilities:		
Long-term borrowings	44,859,552	39,785,724
Bonds	30,463,668	31,236,398
Addition: Government grants	10,977,519	8,958,935
Less: Present value of discount	(10,977,519)	(8,958,943)
Less: Bond issuance discount	(7,618)	(9,856)
Subtotal	75,315,602	71,012,258
Total	₩81,615,749	₩75,221,471

(2) Details of short-term borrowings as of December 31, 2022 and 2021, are as follows (in millions of Korean won):

Financial institutions	December 31, 2022		
	Annual interest rate (%)	Maturity Date	Balances
KEB Hana Bank	3.48 ~ 4.31	2023.01.06 ~ 2023.03.09	₩1,600,000
Hana Financial Investment Co., Ltd.	4.14 ~ 4.33	2023.01.18 ~ 2023.03.03	700,000
Shinhan Bank	4.31	2023.03.05	200,000
Total			₩2,500,000
Financial institutions	December 31, 2021		
	Annual interest rate (%)	Maturity Date	Balances
KEB Hana Bank	1.45 ~ 1.69	2022.01.11 ~ 2022.03.08	₩1,400,000
Hana Financial Investment Co., Ltd.	1.41 ~ 1.46	2023.08.25 ~ 2024.01.29	500,000
Total			₩1,900,000

(3) Details of long-term borrowings as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	Creditors	Annual interest rate (%)	Maturity date	December 31, 2022	December 31, 2021
Public Rental ABS 4 th (*)	LH My Home SPC 4 th	4.52	2022.03.12	₩ -	₩ 60,000
Public Rental ABS 5 th (*)	LH My Home SPC 5 th	3.31~3.36	2022.02.25 ~2023.02.25	30,000	110,000
National Housing Fund	KB Kookmin Bank, NH NongHyup Bank, Woori Bank	1~4.23	2023.01.01 ~2067.12.28	45,089,443	40,009,114
Second Public Preservation Energy Complex Fund	Woori Bank	3.6~3.8	2023.05.02	143,672	326,989
	Korea Energy Agency, Woori Bank	3.75	2024.04.23	505	910
Financial facility loans	Korea Development Bank	3.73	2023.12.20	173	346
Operating loans	Hanuri Energy	3.45	2024.06.21	1,000	1,000
Biz. land purchase loans	NH NongHyup Capital etc.	4.00-7.11	2024.06.04	31,000	66,000
	Subtotal			45,295,793	40,574,359
	Addition: Government grants			10,977,519	8,958,935
	Less: Present value of discount			(10,979,407)	(8,960,990)
	Subtotal			45,293,906	40,572,304
	Less: Current portion			(436,241)	(788,635)
	Less: Present value of discount on current portion			1,887	2,047
	Total			₩ 44,859,552	₩ 39,785,716

(*) In accordance with an asset transfer agreement entered into with a special-purpose entity, the Group has securitized its dues from construction contracts and other assets up to ₩30,000 million and ₩170,000 million as of December 31, 2022 and 2021, respectively.

(4) Details of bonds as of December 31, 2022 and 2021 are as follows (in millions of Korean won and in thousands of foreign currencies):

	Annual interest rate (%)	Maturity date	December 31, 2022		December 31, 2021	
			Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Bonds denominated in Korean won (*1)	1.10~7.12	2023.01.23 ~2068.10.30	-	₩30,757,000	-	₩29,817,000
Bonds denominated in US dollars (*2)	0.63~2.830	2023.11.03 ~2031.11.16	USD 1,100,000	1,267,300	USD 1,100,000	1,304,050
Bonds denominated in CHF (*3)	0.19~0.220	2023.07.31 ~2025.06.15	CHF 300,000	411,861	CHF 300,000	389,241
Bonds denominated in HKD (*4)	2.43	2024.09.28 2022.12.31	HKD 470,000	76,398	HKD 1,470,000	223,484
Bonds related to land compensation	0.91~4.29	~2027.12.31	-	1,315,832	-	1,023,306
Subtotal				33,828,391		32,757,081
Less: Discount on bonds				(8,434)		(9,951)
Addition: Bond issuance premium				-		-
Subtotal				33,819,957		32,747,130
Less: Current portion				(3,364,723)		(1,520,683)
Less: Discount on bonds' current portion				816		95
Addition: Bond issuance premium on current portion				-		-
Total				₩ 30,456,050		₩31,226,542

(*1) The bonds are guaranteed by the Korean Government in accordance with Paragraph 3 of Article 10 of the Korea Land & Housing Corporation Act.

(*2) Various bonds amounting to \$640,000 thousand are listed on the Singapore Stock Exchange.

(*3) The bonds are listed on the Singapore Stock Exchange.

(*4) Various bonds amounting to HKD470,000 thousand are listed on the Singapore Stock Exchange.

(5) Redemption plans of borrowings and bonds payable as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

Redemption period	December 31, 2022		
	Borrowings	Bonds payable	Total
Less than 1 year	₩ 436,241	₩ 3,364,723	₩ 3,800,964
1 year–5 years	673,756	11,715,787	12,389,543
More than 5 years	44,185,796	18,747,881	62,933,677
Total	₩ 45,295,793	₩ 33,828,391	₩ 79,124,184

Redemption period	December 31, 2021		
	Borrowings	Bonds payable	Total
Less than 1 year	₩ 788,635	₩ 1,520,683	₩ 2,309,318
1 year–5 years	619,920	11,403,428	12,023,348
More than 5 years	39,165,804	19,832,970	58,998,774
Total	₩ 40,574,359	₩ 32,757,081	₩ 73,331,440

25. LEASE:

(1) Composition of Right-of-use as of December 31, 2022 and 2021 is as follows (in millions of Korean won):

	December 31, 2022			
	Acquisition costs	Accumulated depreciation	Government grants	Carrying amounts
Vehicles	₩ 37,092	₩ (15,812)	₩ -	₩ 21,280
Office buildings	26,249	(15,607)	-	10,642
Total	₩ 63,341	₩(31,419)	₩ -	₩ 31,922

	December 31, 2021			
	Acquisition costs	Accumulated depreciation	Government grants	Carrying amounts
Vehicles	₩ 22,172	₩ (6,605)	₩ -	₩ 15,567
Office buildings	25,643	(12,531)	-	13,112
Total	₩ 47,815	₩(19,136)	₩ -	₩ 28,679

(2) Changes in Right-of-use for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won)

2022						
	<u>Beginning</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Others</u>	<u>Ending</u>
Vehicles	₩15,479	₩5,059	₩ (10,440)	₩ (280)	₩ 11,398	₩21,216
Office buildings	<u>13,200</u>	<u>6,769</u>	<u>(8,880)</u>	<u>-</u>	<u>(383)</u>	<u>10,706</u>
Total	<u>₩28,679</u>	<u>₩11,828</u>	<u>₩(19,320)</u>	<u>₩ (280)</u>	<u>₩ 11,015</u>	<u>₩31,922</u>

2021						
	<u>Beginning</u>	<u>Additions</u>	<u>Depreciation</u>	<u>Disposals</u>	<u>Others</u>	<u>Ending</u>
Vehicles	₩ 7,094	₩15,087	₩ (5,883)	₩ (730)	₩ (89)	₩15,479
Office buildings	<u>12,327</u>	<u>15,204</u>	<u>(11,081)</u>	<u>(3,242)</u>	<u>(8)</u>	<u>13,200</u>
Total	<u>₩19,421</u>	<u>₩30,291</u>	<u>₩(16,964)</u>	<u>₩(3,972)</u>	<u>₩ (97)</u>	<u>₩28,679</u>

(3) Details of maturities of lease liabilities outstanding as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

December 31, 2022			
	<u>Vehicles</u>	<u>Office buildings</u>	<u>Total</u>
Less than 1 year	₩ 977	₩ 1,593	₩ 2,570
1 year–5 years	<u>35,228</u>	<u>24,514</u>	<u>59,742</u>
Subtotal	<u>36,205</u>	<u>26,107</u>	<u>62,312</u>
Adjustments of present value etc.	<u>(14,042)</u>	<u>(14,924)</u>	<u>(28,966)</u>
Total	<u>₩ 22,163</u>	<u>₩ 11,183</u>	<u>₩ 33,346</u>

December 31, 2021			
	<u>Vehicles</u>	<u>Office buildings</u>	<u>Total</u>
Less than 1 year	₩ 1,295	₩ 1,927	₩ 3,222
1 year–5 years	<u>14,944</u>	<u>11,907</u>	<u>26,851</u>
Subtotal	<u>16,239</u>	<u>13,834</u>	<u>30,073</u>
Adjustments of present value etc.	<u>(309)</u>	<u>(165)</u>	<u>(474)</u>
Total	<u>₩ 15,930</u>	<u>₩ 13,669</u>	<u>₩ 29,599</u>

- (4) Details of current and non-current lease liabilities outstanding as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

December 31, 2022			
	Vehicles	Office buildings	Total
Current	₩946	₩1,572	₩ 2,518
Non-current	21,217	9,611	30,828
Total	₩22,163	₩11,183	₩33,346

December 31, 2021			
	Vehicles	Office buildings	Total
Current	₩1,292	₩1,922	₩ 3,214
Non-current	14,638	11,747	26,385
Total	₩15,930	₩13,669	₩29,599

- (5) Changes in lease liabilities for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

2022						
	Beginning	Additions	Interest exp.	Decreases	Others	Ending
Vehicles	₩15,930	₩5,059	₩571	₩(10,949)	₩11,552	₩22,163
Office buildings	13,669	6,769	281	(9,084)	(452)	11,183
Total	₩29,599	₩11,828	₩ 852	₩(20,033)	₩11,099	₩33,346

2021						
	Beginning	Additions	Interest exp.	Decreases	Others	Ending
Vehicles	₩7,320	₩15,087	₩ 384	₩ (6,861)	₩ -	₩15,930
Office buildings	12,557	15,204	802	(14,894)	-	13,669
Total	₩19,877	₩30,291	₩ 1,186	₩(21,755)	₩ -	₩29,599

- (6) The amounts relating to leases recognized for the years ended December 31, 2022 and 2021 on the statements of comprehensive income, are as follows (in millions of Korean won):

	2022	2021
Depreciation of Right-of-use assets	₩19,320	₩16,964
Interest expenses of lease liabilities	852	1,186
Expenses related to short-term and low-value assets per the waiver provision	27,093	24,669
Total	<u>₩47,265</u>	<u>₩42,820</u>

(*) The total cash outflow from leases in consolidated statements of cash flows was ₩ 47,125 million and ₩ 46,425 million as of December 31, 2022 and 2021, respectively.

26. EMPLOYEE RETIREMENT BENEFITS:

(1) Defined contribution plan

The Group operates a defined benefit pension plan for qualified employees. Outside reserved plan assets are managed independently from the assets of the Group in the form of funds under the control of the fiduciary. In the event that an employee leaves the Group before the vesting conditions of the defined contribution type are met, the contribution to be paid by the Group shall be reduced by the amounts of the lost contribution.

For the defined contribution retirement benefit plan, the amounts recognized in the statement of comprehensive income for the years ended December 31, 2022 and 2021 are ₩1,374 million and ₩2,888 million, respectively.

	2022	2021
Cost of sales	₩1,374	₩2,841
Selling and administrative expenses	-	47
Total	<u>₩1,374</u>	<u>₩2,888</u>

(2) Defined benefit plan

The Group operates a defined benefit plan for qualified employees.

The actuarial valuation of the most recent plan assets and defined benefit obligations was performed by KB Securities actuaries. Current and past service costs related to the present value of the defined benefit obligation are measured using the projected unit reserve method.

- 1) Details of the defined benefit liability (assets) as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligation under reserved plan	₩487,444	₩532,209
Fair value of plan assets	(51,870)	(39,816)
National pension fund	<u>(81)</u>	<u>(80)</u>
Net	<u>₩435,493</u>	<u>₩492,313</u>
Present value of defined benefit obligation under non-reserved plan	<u>-</u>	<u>-</u>
Total(*)	<u>₩435,493</u>	<u>₩492,313</u>

(*) Total is the offset amount of defined benefit liability ₩ 438,476 million and the defined benefit asset ₩ 2,983 million. The accumulated amount of plan assets in excess of the subsidiary's defined benefit obligation was recognized as a net defined benefit asset on the consolidated financial position statement.

- 2) Changes in the defined benefit liability for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	<u>2022</u>	<u>2021</u>
Beginning	₩ 532,209	₩ 582,561
Service costs	56,284	70,735
Interest costs	16,214	12,622
New entry / transfer effect	479	609
Remeasurements of defined benefit liabilities	(69,249)	(91,914)
Service cost for previous periods	7,858	18,955
Payments	<u>(56,351)</u>	<u>(61,359)</u>
Ending	<u>₩ 487,444</u>	<u>₩ 532,209</u>

- 3) Changes in the fair value of plan assets for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	<u>2022</u>	<u>2021</u>
Beginning	₩39,816	₩32,351
User contributions	13,664	7,250
Expected return on plan assets	1,162	803
Remeasurements of defined benefit liabilities	(464)	(220)
Payments	<u>(2,308)</u>	<u>(368)</u>
Ending	<u>₩51,870</u>	<u>₩39,816</u>

- 4) Details of costs under the defined benefit plan recognized in the statements of comprehensive income for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Service costs	₩56,284	₩70,735
Service costs for previous periods	7,858	18,955
Interest costs	16,214	12,622
New entry / transfer effect	479	608
Expected return on plan assets	(1,162)	(802)
Total	₩79,673	₩102,118

The above income and expenses were recognized in the consolidated statement of comprehensive income as follows (in millions of Korean won):

	2022	2021
Selling and administrative expenses	₩ 18,794	₩ 24,414
Cost of sales	60,879	77,704
Total	₩79,673	₩102,118

- 5) Remeasurements of defined benefit liabilities recognized in the statements of comprehensive income and loss for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Actuarial gain	₩69,249	₩91,914
Return on plan assets	(464)	(220)
Total	₩68,785	₩91,694

27. PROVISIONS:

(1) Details of provisions as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022			December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
Employee benefit provision (*1)	₩ 122,809	₩ -	₩ 122,809	₩ 145,993	₩ -	₩ 145,993
Warranty provision (*2)	-	47,240	47,240	-	45,606	45,606
Provision for litigation	-	210,805	210,805	-	230,782	230,782
Cost provision (*3)	15,856,299	-	15,856,299	14,596,463	-	14,596,463
Sale convertible provision (*4)	62,996	-	62,996	54,958	-	54,958
Carbon credit provision (*5)	980	-	980	4,000	-	4,000
Payment guarantee provision	-	1,575	1,575	-	1,110	1,110
Total	<u>₩16,043,084</u>	<u>₩259,620</u>	<u>₩16,302,704</u>	<u>₩14,801,414</u>	<u>₩277,498</u>	<u>₩15,078,912</u>

(*1) The Group has estimated performance bonuses based on current business performance and management evaluation standards. These estimates may vary.

(*2) The Group recognizes the estimated liability to repair or replace products sold with warranties at the date of the consolidated statements of financial position. The provision is determined based on past experience on warranty claims on the level of repairs and returns.

(*3) Expected future costs to be incurred in relation to revenue arising from construction contracts are recognized as cost variance, when the construction cost is complete, and the estimates may vary.

(*4) Expected future costs to be incurred in relation to the conversion of public rental housing to housing for sale are recognized as Sale convertible provisions, and the estimates may vary.

(*5) Carbon credits provision is an estimate of the purchase cost for a shortage of GHG (greenhouse gas) emissions. These estimates are subject to change

(2) Changes in provisions as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022				
	Beginning	Transfer-in	Use	Reversal	Ending
Employee benefit provision	₩ 145,994	₩ 9,723	₩ (32,908)	₩ -	₩ 122,809
Warranty provision	45,606	1,682	(33)	(15)	47,240
Provision for litigation	230,782	119,607	(68,457)	(71,127)	210,805
Cost provision	14,596,463	3,433,437	(1,787,866)	(385,735)	15,856,299
Sale convertible provision	54,958	15,146	(7,108)	-	62,996
Carbon credit provision	4,000	980	(4,000)	-	980
Payment guarantee provision	1,111	817	-	(353)	1,575
Total	₩15,078,914	₩3,581,392	₩(1,900,372)	₩(457,230)	₩16,302,704

	December 31, 2021				
	Beginning	Transfer-in	Use	Reversal	Ending
Employee benefit provision	₩ 164,847	₩ 7,623	₩ (26,477)	₩ -	₩ 145,993
Warranty provision	43,595	2,080	(68)	(1)	45,606
Provision for litigation	181,999	176,729	(80,669)	(47,277)	230,782
Cost provision	14,525,603	1,925,192	(1,483,320)	(371,012)	14,596,463
Sale convertible provision	14,694	43,797	(3,533)	-	54,958
Carbon credit provision	4,200	4,000	(4,200)	-	4,000
Payment guarantee provision	-	1,110	-	-	1,110
Total	₩14,934,938	₩2,160,531	₩(1,598,267)	₩(418,290)	₩15,078,912

28. GOVERNMENTS GRANTS:

(1) Accounting for government grants

The Group recognizes the grant related to an asset as a deduction of the acquisition cost of such asset when it is acquired in accordance with Article 44 of the Korean Government-Owned and Quasi- Government Accounting Regulations and Standards.

(2) Details of government grants as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

Description	December 31, 2022	December 31, 2021
Cash and cash equivalents	₩230,423	₩130,006
Non-current financial assets	278	277
Land (property, plant and equipment)	1,667	1,667
Buildings (property, plant and equipment)	13,727	14,044
Vehicles (property, plant and equipment)	-	-
Tools and equipment (property, plant and equipment)	3,297	4,011
Construction in progress (property, plant and equipment)	-	1,240
Buildings (rental housing- investment properties)	214,251	183,922
Buildings (rental building- investment properties)	7,546	-
Construction in progress (investment properties)	41,584	34,410
Lands (rental) for industrial complex	37,800	37,800
Development costs (intangible asset)	229	165
Intangible assets in development (intangible asset)	-	-
Current portion of long-term borrowings	1,886	2,037
Long-term borrowings	10,977,519	8,958,935
Total	₩11,530,207	₩9,368,514

(3) Changes in government grants for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022						
	Beginning	Receipt	Acquisition	Amortization	Revenue	Other	Ending
Cash and cash equivalents	₩130,006	₩284,039	₩ (19,544)	₩ -	₩ (164,078)	₩ -	₩230,423
Non-current financial assets	277	-	-	-	-	1	278
Buildings (property, plant and equipment)	15,711	-	-	(317)	-	-	15,394
Vehicles (property, plant and equipment)	-	-	-	-	-	-	-
Tools and equipment (PPE)	4,011	-	-	(685)	-	(29)	3,297
Construction in progress (PPE)	1,240	-	-	-	-	(1,240)	-
Buildings (rental housing- investment properties)	183,922	-	4,724	6,401	-	19,204	214,251
Buildings (rental building- investment properties)	-	-	7,546	-	-	-	7546
Construction in progress (investment properties)	34,410	-	7,174	-	-	-	41,584
Lands (rental) for industrial complex	37,800	-	-	-	-	-	37,800
Development costs (intangible asset)	165	-	100	(36)	-	-	229
Intangible assets in development (intangible asset)	-	-	-	-	-	-	-
Current portion of long- term borrowings	2,037	-	-	-	-	(151)	1,886
Long-term borrowings	8,958,935	-	-	-	-	2,018,584	10,977,519
Total	₩9,368,514	₩284,039	₩ -	₩ 5,363	₩ (164,078)	₩2,036,369	₩11,530,207

	December 31, 2021						
	Beginning	Receipt	Acquisition	Amortization	Revenue	Other	Ending
Cash and cash equivalents	₩109,115	₩192,498	₩ (22,036)	₩ -	₩ (149,571)	₩ -	₩130,006
Non-current financial assets	280	-	-	-	-	(3)	277
Buildings (property, plant and equipment)	15,729	-	300	(318)	-	-	15,711
Vehicles (property, plant and equipment)	47	-	-	(47)	-	-	-
Tools and equipment (PPE)	4,667	-	-	(688)	-	32	4,011
Construction in progress (PPE)	4,000	-	-	-	-	(2,760)	1,240
Buildings (rental housing-investment properties)	155,980	-	34,252	(6,311)	-	-	183,922
Buildings (rental building-investment properties)	5,976	-	(5,976)	-	-	-	-
Construction in progress (investment properties)	40,881	-	(6,471)	-	-	-	34,410
Lands (rental) for industrial complex	37,851	-	(51)	-	-	-	37,800
Development costs (intangible asset)	159	-	(18)	24	-	-	165
Intangible assets in development (intangible asset)	-	-	-	-	-	-	-
Current portion of long-term borrowings	2,151	-	-	-	-	(114)	2,037
Long-term borrowings	8,679,104	-	-	-	-	279,831	8,958,935
Total	<u>₩9,055,940</u>	<u>₩192,498</u>	<u>₩ -</u>	<u>₩ (7,340)</u>	<u>₩ (149,571)</u>	<u>₩276,986</u>	<u>₩9,368,514</u>

(4) Details of government grants recognized for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

Description	2022	2021
Sales	₩164,078	₩149,571
Depreciation offset	(5,362)	7,339
Total	<u>₩158,716</u>	<u>₩156,910</u>

29. SPECIFIED BUSINESS

Details of government grants by specified business for the years ended December 31, 2022 and 2021 are as follows (in millions of Korea won):

2022													
Department	Business detail	Period	Budget	Carried over from prior year		Grant Payment	Interest	Execution	Return	Other	Carried over to subsequent year		
Ministry of Land, Infrastructure and Transport	Grant for housing loans	2022.1.1~2022.12.31	₩119,795	₩	-	₩119,795	₩ 53	₩(117,719)	₩ (2,129)	₩	-	₩	-
Ministry of Land, Infrastructure and Transport	Grant for purchased rental housing	2022.1.1~2022.12.31	3,680		-	3,680	6	(3,520)	(165)		-		-
Ministry of Land, Infrastructure and Transport	Residence benefit	2022.1.1~2022.12.31	29,851		-	29,850	7	(29,850)	(13)		6		-
Ministry of Land, Infrastructure and Transport	Support for residence benefit (self-improvement additional expense)	2022.1.1~2022.12.31	4,789		-	4,789	1	(4,789)	(3)		2		-
Ministry of Land, Infrastructure and Transport	Activate green remodeling	2022.1.1~2022.12.31	140,000		-	14,033	-	(14,033)	-		-		-
Ministry of Land, Infrastructure and Transport	Support for residence benefit	2021.4.19~2022.5.2	5,000		-	5,000	10	(4,928)	(82)		-		-
Local Government	Daejeon industrial complex renewal business	2022.1.1~2022.12.31	11,123	11,270		-	34	-	-		-		11,304
Local Government	Dongducheon National Industrial Complex Development	2022.1.1~2022.12.31	10,000	5,004		5,000	19	-	-		-		10,023
Local Government	Jeonju Carbon Fiber National Industrial Complex Development	2022.1.1~2022.12.31	31,000	-		17,666	20	-	-		-		17,686
Local Government	Yeongcheon High-tech Park	2022.1.1~2022.12.31	19,300	-		3,582	4	(1,791)	-		27		1,822
Local Government	Tailored to local needs	2022.1.1~2022.12.31	2,496	5,921		2,497	24	(2,739)	(30)		-		5,673
Ministry of Land, Infrastructure and Transport	Campus Innovation Park	2022.1.1~2022.12.31	119,820	-		34,441	11	-	-		-		34,452
Local Government	Happy housing	2022.1.1~2022.12.31	11,417	12,629		11,417	67	(2,534)	(2)		-		21,577

(*) Specified business grant (quoting from the business settlement verification report) may have some differences because of the difference between closing date (December 31) and settlement date (the end of February of next year).

2021										
Department	Business detail	Period	Budget	Carried over from prior year	Grant Payment	Interest	Execution	Return	Other	Carried over to subsequent year
Ministry of Land, Infrastructure and Transport	Grant for housing loans	2021.1.1~ 2021.12.31	₩88,903	₩14,642	₩88,903	₩ 68	₩ (85,788)	₩ (4,363)	₩ (13,462)	₩ -
Ministry of Land, Infrastructure and Transport	,Residence benefit	2021.1.1~ 2021.12.31	29,848	-	29,848	1	(29,848)	(1)	-	-
Ministry of Land, Infrastructure and Transport	Support for residence benefit (self-improvement additional expense)	2021.1.1~ 2021.12.31	4,793	-	134,971	228	(118,630)	(16,569)	-	-
Ministry of Land, Infrastructure and Transport	Activate green remodeling	2021.1.1~ 2021.12.31	227,580	1,567	256,990	-	(258,557)	-	-	-
Local Government	Daejeon industrial complex renewal business	2021.1.1~ 2021.12.31	11,123	11,252	-	18	-	-	-	11,270
Local Government	Dongducheon National Industrial Complex Development	2021.1.1~ 2021.12.31	5,000	-	5,000	4	-	-	-	5,004
Ministry of Land, Infrastructure and Transport	Support for residence benefit	2020.6.1~ 2021.5.31	3,000	1,506	3,000	3	(2,832)	(171)	(1,506)	-
Local Government	Tailored to local needs	2021.1.1~ 2021.12.31	5,950	3,419	2,580	10	(88)	-	-	5,921
Ministry of Land, Infrastructure and Transport	Campus Innovation Park	2021.1.1~ 2021.12.31	85,720	-	1,490	-	(1,490)	-	-	-
Local Government	Happy housing	2021.1.1~ 2021.12.31	18,400	10,747	3,946	24	(2,076)	-	(12)	12,629

(*) Specified business grant (quoting from the business settlement verification report) may have some differences because of the difference between closing date (December 31) and settlement date (the end of February of next year).

30. CONSIGNMENT BUSINESS:

(1) Unappropriated funds from consignment and Accounting for consignment

As a quasi-government agency specialized in compensation for land, the Group complies with the New Land Expropriation Act and pays to land owners compensation consigned by public project promoters. In accordance with Article 44, section 3 of Korean Government-owned and Quasi-Government Accounting Regulations and Standards, the Group records unappropriated funds from consignment revenue as short-term financial instruments.

(2) Details of unappropriated funds from consignment business as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

Description	December 31, 2022	December 31, 2021
Cash and cash equivalents	₩554,706	₩442,276

(3) Changes in unappropriated funds from consignment revenue for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

		2022					
	Counterpart	Beginning	Receipt	Execution	Others(*)	Ending	
Cash and cash equivalents	Government	₩442,276	₩256,667	₩ (144,237)	₩ -	₩554,706	

		2021					
	Counterpart	Beginning	Receipt	Execution	Others(*)	Ending	
Cash and cash equivalents	Government	₩14,584	₩347,812	₩ (55,243)	₩135,123	₩442,276	

(*) The amount changes due to the classification adjustment of consignment revenue is indicated separately.

(4) Details of the revenue and expense from consignment business for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won)

	December 31, 2022		December 31, 2021	
	Consignment business revenue	Consignment business expense	Consignment business revenue	Consignment business expense
Consignment of compensation for land	₩39,104	₩ 314	₩ 34,369	₩ 7,907
Project consignment business	105,133	109,015	20,874	34,583
Total	₩144,237	₩109,329	₩ 55,243	₩ 42,490

31. CONTRIBUTIONS OF CONSTRUCTION

Details of deferred contributions of construction for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Beginning	₩ 63,926	₩ 61,612
Increase	5,209	9,076
Offset	(4,734)	(6,762)
Ending	₩64,401	₩63,926

32. NON-FINANCIAL LIABILITIES:

Details of non-financial liabilities as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022		December 31, 2021	
	Current	Non-current	Current	Non-current
Advance receipts	₩ 19,743	₩ 31,335	₩ 13,683	₩ 33,207
Advances from housing sales	15,927,239	-	15,386,562	-
Deferred revenue from construction contracts	-	64,401	-	63,926
Withholdings	1,862,389	-	1,855,456	-
Other unearned revenues	909,788	-	349,638	-
Others	121,244	20,577	200,384	22,036
Due to customers for construction contracts	104,237	-	98,315	-
Total	₩18,944,640	₩116,313	₩17,904,038	₩119,169

33. ISSUED CAPITAL:

(1) Details of issued capital as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022			December 31, 2021		
	Government	Non-government	Total	Government	Non-government	Total
Common shares	₩38,936,118	₩4,689,496	₩43,625,614	₩35,528,421	₩4,470,996	₩39,999,417

(*) The additional investment in Housing and Urban Fund in 2022 and 2021, increased the capital by ₩3,626,197 million and ₩3,672,488 million, respectively.

(2) Details of discounts on stocks issuance as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022	December 31, 2021
Discounts on stocks issuance	₩(19,680)	₩(19,367)

(*) The Company accounts for related issuance costs, such as registration fees incurred when issuing investment securities, as stock discount issuance differences and amortizes them as surplus disposal.

(3) Details of government contributions which have been settled in 2022 and which will be settled in the future are as follows (in millions of Korean won):

	Settled in 2022		To be settled in the future	
	Amounts	# of households	Amounts	# of households
National Housing	₩(193,457)	(11,352)	₩(158,994)	(7,667)
Permanent Rental housing	(52,126)	(1,283)	(17,242)	(486)
Happy Housing	(117,217)	(9,032)	(42,798)	(2,803)
Total	₩(362,800)	(21,667)	₩(219,034)	(10,956)

34. **RETAINED EARNINGS(Separate):**

(1) Details of the retained earnings as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Legal reserve (*)	₩ 5,841,983	₩ 4,990,805
Other legal reserve	16,041,681	13,494,124
Unappropriated retained earnings	<u>1,517,927</u>	<u>4,255,894</u>
Total	<u>₩23,401,591</u>	<u>₩22,740,823</u>

(*) According to the Korea Land & Housing Corporation Act, an amount equal to at least 20% of net income is required to be appropriated as a legal reserve, until the reserve equals 50% of issued capital. The legal reserve cannot be utilized for cash dividends, but may only be used to offset a deficit, if any, or be transferred to capital.

(2) Details of other legal reserve as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Reserve for business expansion	₩ 7,963,368	₩ 7,118,169
Reserve for bank of land	<u>8,078,313</u>	<u>6,375,955</u>
Total	<u>₩16,041,681</u>	<u>₩13,494,124</u>

(3) Changes in retained earnings for the years ended December 31, 2022 and 2021, are as follows (in millions of Korean won):

	<u>2022</u>	<u>2021</u>
Beginning	₩ 22,740,823	₩ 19,165,220
Net profit for the period	1,470,705	4,188,957
Dividends	(837,791)	(666,568)
Amortization of discounts on stocks issuance	(19,367)	(13,723)
Remeasurements of defined benefit liabilities	<u>47,221</u>	<u>66,937</u>
Ending	<u>₩ 23,401,591</u>	<u>₩ 22,740,823</u>

35. STATEMENTS OF APPROPRIATION OF RETAINED EARNINGS(Separate) :

Statements of appropriation of retained earnings for the years ended December 31, 2022 and 2021 are as follows
(in millions of Korean won):

	2022	2021
Beginning of the year	₩ -	₩ -
Net income for the year	1,470,705	4,188,957
Changes in retained earnings carried forward from the previous year	-	-
Remeasurements of defined benefit liabilities	47,221	66,937
Gain (loss) on disposal of financial assets-FVOCI	-	-
Gain (loss) on valuation of financial assets-FVOCI	-	-
I . Unappropriated retained earnings	<u>1,517,926</u>	<u>4,255,894</u>
II . Transfers	-	-
Earned surplus reserve	303,585	851,179
Reserve for business extension	293,349	845,199
Reserve for bank of land	607,171	1,702,358
Amortization of discounts on stock issuance	19,680	19,367
Dividends	<u>294,141</u>	<u>837,791</u>
III . Appropriations	<u>1,517,926</u>	<u>4,255,894</u>
IV . Unappropriated retained earnings to be carried forward to following year	<u>₩ -</u>	<u>₩ -</u>

36. OTHER COMPONENTS OF EQUITY:

(1) Other components of equity as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
OCI	₩50,378	₩31,903

(2) Other components of equity, included in OCI, as of December 31, 2022 and 2021, are as follows (in millions of Korean won):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Unrealized loss from cash flow hedges	₩33,225	₩16,327
OCI of equity method investees	14,376	15,206
Gain on valuation of financial assets-FVOCI	3,077	783
Exchange losses from foreign operation	<u>(300)</u>	<u>(413)</u>
Total	₩50,378	₩31,903

37. REVENUE:

Revenue from continuing operations of the Group for the years ended December 31, 2022 and 2021, except other income and expenses, finance income and costs are as follows (in millions of Korean won):

	<u>2022</u>	<u>2021</u>
Sales of goods:		
Revenue from sales of land	₩12,029,462	₩13,411,224
Revenue from sales of housing units	<u>5,379,918</u>	<u>11,907,983</u>
Subtotal	<u>17,409,380</u>	<u>25,319,207</u>
Rendering of services:		
Revenue from rental real estate	1,531,728	1,477,297
Revenue from government grants	164,078	149,571
Revenue from consignment business	144,237	55,243
Other revenue	<u>376,868</u>	<u>344,589</u>
Subtotal	<u>2,216,911</u>	<u>2,026,700</u>
Total	<u>₩19,626,291</u>	<u>₩27,345,907</u>

38. COST OF SALES:

Details of cost of sales for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022	December 31, 2021
Land	₩ 8,843,016	₩ 9,222,359
Housing	4,232,927	8,010,595
Real estate rent	3,467,972	3,270,739
Government grants	193,514	188,056
Consignment business	109,329	42,490
Other operating expenses	347,798	304,951
Total	₩17,194,556	₩21,039,190

39. EMPLOYMENT EXPENSES(Separate):

(1) Details of salaries, pension benefits and welfare benefits for the years ended December 31, 2022 and 2021, are as follows (in millions of Korean won):

2022			
	Selling and administrative expenses (maintenance and operation expenses)	Cost of sales (direct business costs)	Total
Salaries	₩128,850	₩446,634	₩575,484
Pension benefits	18,274	53,393	71,667
Severance pay	9,289	-	9,289
Welfare benefits	37,259	42,475	79,734
2021			
	Selling and administrative expenses (maintenance and operation expenses)	Cost of sales (direct business costs)	Total
Salaries	₩155,943	₩448,881	₩604,824
Pension benefits	23,909	68,002	91,911
Severance pay	17,720	-	17,720
Welfare benefits	42,933	47,888	90,821

(2) Details of salaries, pension benefits and welfare benefits not involving cash outflows for the years ended December 31, 2022 and 2021, are as follows (in millions of Korean won):

		Type	2022	2021
Salaries	Expenses involving cash outflows		₩599,603	₩601,798
	Expenses not involving cash outflows		<u>(24,119)</u>	<u>3,026</u>
	Total		<u>₩575,484</u>	<u>₩604,824</u>
Pension benefits	Expenses involving cash outflows		₩ -	₩ -
	Expenses not involving cash outflows		<u>71,667</u>	<u>91,911</u>
	Total		<u>₩71,667</u>	<u>₩91,911</u>
Welfare benefits	Expenses involving cash outflows		₩79,734	₩90,821
	Expenses not involving cash outflows		<u>-</u>	<u>-</u>
	Total		<u>₩79,734</u>	<u>₩90,821</u>

40. EMPLOYEES WELFARE BENEFITS(Separate):

Details of employee welfare benefits for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022		2021	
	Selling and administrative expenses	Cost of sales	Selling and administrative expenses	Cost of sales
Employee benefits (included in salaries):				
Education expenses for dependents	₩ 289	₩ -	₩ 441	₩ 37
Others	-	-	-	-
Employee benefits (not included in salaries):				
Medical examinations	601	1,149	881	1,377
Unemployment insurance	4,718	4,319	5,947	5,302
National Pension Fund	11,302	9,554	11,385	9,882
Night shift pay	385	68	387	67
Operating expenses for nursery facilities	-	2,272	556	1,757
Occupational health and safety facilities	2,062	1,951	2,523	2,482
Operating expenses for restaurant	2,122	1,921	3,716	2,158
Medical insurance	10,860	9,935	13,110	12,214
Operating expenses for medical facilities	-	-	34	-
Workers' compensation	34	-	250	-
Operating expenses for fitness center	1,217	4,080	50	6,381
Sports event expenses	213	-	-	-
Childbirth bonus	208	57	211	106
Overtime meal expenses	1,343	1,710	1,868	1,838
Special event expenses	48	95	111	5
Others	1,857	5,364	1,463	4,281
Total	₩ 37,259	₩ 42,475	₩ 42,933	₩ 47,887

41. OTHER SELLING AND ADMINISTRATIVE EXPENSES:

Other selling and administrative expenses for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Expense for reward	₩ 513	₩ 635
Registration and litigation costs	7,557	13,052
Research expenses	18,066	24,016
Others	4,620	3,740
Total	₩ 30,756	₩ 41,443

42. OTHER INCOMES AND EXPENSES:

(1) Details of other revenues for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022	December 31, 2021
Other revenue (lapse of the period for advance receipts)	₩476,900	₩299,680
Interest from long-term government grants	257,334	220,884
Gain on cancellation of sales	-	7
Other revenue (interest of advances from land sales)	6,152	7,227
Other revenue (interest of advances from housing sales)	386	182
Other miscellaneous revenue	57,972	68,979
Total	₩798,744	₩596,959

(2) Details of other expenses for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Other expenses (lapse of the period for advance payments)	₩ 1,754	₩ 1,322
Amortization of premium of long-term borrowings	257,334	220,884
Loss on cancellation of sales	6,677	2,951
Loss on renovations	728	115
Other miscellaneous loss	71,408	166,002
Total	₩337,901	₩391,274

43. OTHER INCOMES (LOSSES):

Details of other incomes (losses) for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Loss on cancellation of business	₩ (29,966)	₩ (25,184)

44. FINANCE INCOMES:

(1) Details of finance incomes for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Interest income	₩ 359,101	₩ 196,537
Dividends	959	6,633
Gain on disposal of financial assets	27	-
Gain on valuation of financial assets-FVPL	19,566	548
Gain on foreign currency translation	216	47
Gain on foreign currency transactions	61	130
Other finance income	1,754	1,322
Total	₩ 381,684	₩ 205,217

(2) Details of interest income recognized as finance income for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Cash and cash equivalents	₩ 1,101	₩ 1,002
Loans and receivables	451	246
Short-term financial instruments	179,889	73,599
Other financial instruments	18,168	30,140
Trade and other receivables	159,492	91,550
Total	₩359,101	₩196,537

45. FINANCE COSTS:

(1) Details of finance costs for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	<u>2022</u>	<u>2021</u>
Interest expense	₩ 146,393	₩190,281
Loss on disposal of financial assets	65,376	-
Loss on valuation of financial assets-FVPL	24,730	87
Loss on foreign currency translation	33	19
Loss on foreign currency transaction	12	18
Other finance costs	<u>476,900</u>	<u>299,680</u>
Total	<u>₩ 713,444</u>	<u>₩490,085</u>

(2) Details of interest expense recognized as finance costs for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	<u>2022</u>	<u>2021</u>
Short-term borrowings	₩44,945	₩29,307
Long-term borrowings	849,007	831,844
Bonds	972,398	970,232
Other financial liabilities	66,015	93,701
Long-term lease liabilities	<u>852</u>	<u>1,186</u>
Subtotal	<u>1,933,217</u>	<u>1,926,270</u>
Less: Capitalized borrowing costs	(1,098,544)	(1,052,889)
Less: Transferred to other costs	<u>(688,280)</u>	<u>(683,100)</u>
Total	<u>₩146,393</u>	<u>₩190,281</u>

46. INCOME TAX EXPENSE REGARDING CONTINUING BUSINESS:

- (1) The major components of the income tax expense for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Current income tax	₩822,690	₩1,883,862
Adjustments from prior years	20,226	40,723
Items charged directly to equity	(25,680)	(33,614)
Deferred income tax by temporary differences	(251,860)	(463,396)
Income tax expense	<u>₩565,376</u>	<u>₩1,427,575</u>

- (2) Reconciliations of income tax expense and accounting income before income tax expense for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
① Profit before income tax expense	₩1,998,096	₩5,590,891
② Tax charge at the tax rate	538,592	1,526,940
③ Adjustments:		
Non-taxable income	(919)	(127)
Non-deductible expenses	7,930	12,548
Tax benefits	(30)	-
Others	(423)	(152,509)
Adjustments from prior years	20,226	40,723
④ Subtotal	<u>26,784</u>	<u>(99,365)</u>
⑤ Income tax expense (=②+④)	<u>₩565,376</u>	<u>₩1,427,575</u>
Effective tax rate	<u>28.30%</u>	<u>25.53%</u>

- (3) Details of income taxes recognized in OCI for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Net gain (loss) on cash flow hedges	₩(6,410)	₩(8,208)
Remeasurements of defined benefit liabilities	(18,715)	(25,223)
Equity adjustments under equity method	315	114
Gain (loss) on valuation of financial assets-FVOCI	(870)	(297)
Total	<u>₩(25,680)</u>	<u>₩(33,614)</u>

(4) Changes in deferred income tax assets and liabilities for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022			
	Beginning	Income tax expenses	OCI	Ending
Deferred income taxes on temporary differences:				
Cash flow hedges	₩ (6,193)	₩ -	₩ (6,410)	₩ (12,603)
Investments in associates	42,792	16,833	315	59,940
Property, plant and equipment	(52,030)	158,845	-	106,815
Intangible assets	4,636	(397)	-	4,239
Deferred revenue	(22,020)	(131)	-	(22,151)
Provisions	277,623	(7,534)	(18,715)	251,374
Other financial liabilities	2,264	12,455	-	14,719
Other non-financial liabilities	3,319,556	187,006	-	3,506,562
Inventories	(1,182,633)	(79,900)	-	(1,262,533)
Investment properties	(1,388,782)	35,742	-	(1,353,040)
Others	30,884	22,053	(870)	52,067
Total	₩1,026,097	₩344,972	₩(25,680)	₩1,345,389

	2021			
	Beginning	Income tax expenses	OCI	Ending
Deferred income taxes on temporary differences:				
Cash flow hedges	₩ 2,015	₩ -	₩ (8,208)	₩ (6,193)
Investments in associates	31,444	11,234	114	42,792
Property, plant and equipment	(61,296)	9,266	-	(52,030)
Intangible assets	4,459	177	-	4,636
Deferred revenue	(21,399)	(620)	-	(22,020)
Provisions	260,096	42,750	(25,223)	277,623
Other financial liabilities	-	2,264	-	2,264
Other non-financial liabilities	3,261,076	58,479	-	3,319,556
Inventories	(1,662,712)	480,079	-	(1,182,633)
Investment properties	(1,382,180)	(6,602)	-	(1,388,782)
Others	38,676	(7,495)	(297)	30,884
Total	₩ 470,179	₩589,533	₩(33,614)	₩1,026,097

(5) Details of deferred income tax assets and liabilities as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Deferred income tax assets	₩6,164,048	₩5,962,037
Deferred income tax liabilities	<u>4,818,659</u>	<u>4,935,940</u>
Total	<u>₩1,345,389</u>	<u>₩1,026,097</u>

47. ASSETS CLASSIFIED AS HELD-FOR-SALE:

Details of non-current assets classified as held-for-sale as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land (*1)	₩ 70,496	₩ 70,496
Buildings (*1)	<u>81,529</u>	<u>81,529</u>
Total	<u>₩ 152,025</u>	<u>₩ 152,025</u>

(*1) The Group has an active plan to dispose of its regional headquarters (including land, buildings and rental housing).

48. CLASSIFICATION BASED ON THE NATURE OF EXPENSE:

Details of classification based on the nature of expense for cost of sales and selling and administrative expenses for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022			
	Changes in inventories	Selling and administrative expenses	Cost of sales	Total
Changes in finished goods and work in process	₩(12,784,358)	₩ -	₩ (657)	₩(12,785,015)
Use of raw materials and supplies	25,349,084	-	-	25,349,084
Contribution to employee welfare fund	-	20	-	20
Salaries	-	136,909	614,784	751,693
Retirement benefits	-	18,794	62,253	81,047
Severance benefits	-	9,289	4	9,293
Employee welfare benefits	-	38,335	66,117	104,452
Insurance premium	-	901	65,645	66,546
Depreciation	-	40,605	1,303,603	1,344,208
Amortization	-	14,122	286	14,408
Bad debts expense	-	42	-	42
Commissions	-	48,528	329,420	377,948
Advertising	-	19,828	8,917	28,745
Training	-	18,445	1,137	19,582
Vehicle maintenance	-	852	1,258	2,110
Publications	-	673	2,896	3,569
Business expenses	-	342	197	539
Rent	-	7,303	19,790	27,093
Communication	-	768	7,680	8,448
Freighting	-	30	54	84
Taxes and dues	-	99,003	98,274	197,277
Supplies	-	1,640	4,572	6,212
Utilities	-	3,530	126,540	130,070
Repairs and maintenance	-	3,763	1,048,148	1,051,911
Ordinary development expense	-	52,666	368	53,034
Travel expenses	-	3,999	23,819	27,818
Clothing expenses	-	1,186	2,742	3,928
Investigation and analysis	-	8,913	7,933	16,846
Membership dues	-	210	101	311
Sales promotion	-	33,395	-	33,395
Sales commissions	-	23,771	-	23,771
Others	-	31,034	833,949	864,983
Total	₩12,564,726	₩ 618,896	₩ 4,629,830	₩17,813,452

	2021			
	Changes in inventories	Selling and administrative expenses	Cost of sales	Total
Changes in finished goods and work in process	₩(5,474,516)	₩ -	₩ -	₩(5,474,516)
Use of raw materials and supplies	22,170,321	-	-	22,170,321
Salaries	-	162,255	606,874	769,130
Retirement benefits	-	24,416	80,110	104,525
Severance benefits	-	17,720	786	18,506
Employee welfare benefits	-	44,308	69,432	113,740
Insurance premium	-	1,116	46,719	47,834
Depreciation	-	37,758	1,202,411	1,240,169
Amortization	-	12,469	77	12,546
Bad debts expense	-	51	-	51
Commissions	-	38,469	320,629	359,098
Advertising	-	20,270	10,483	30,753
Training	-	13,394	854	14,248
Vehicle maintenance	-	816	1,082	1,898
Publications	-	883	3,218	4,100
Business expenses	-	240	87	327
Rent	-	6,841	18,220	25,061
Communication	-	854	7,964	8,818
Freighting	-	34	93	127
Taxes and dues	-	94,720	96,507	191,227
Supplies	-	1,651	4,190	5,841
Utilities	-	3,636	62,271	65,906
Repairs and maintenance	-	4,457	984,716	989,173
Ordinary development expense	-	47,219	937	48,156
Travel expenses	-	4,044	20,958	25,002
Clothing expenses	-	1,455	1,878	3,332
Investigation and analysis	-	11,439	8,296	19,734
Membership dues	-	214	90	304
Sales promotion	-	32,111	-	32,111
Sales commissions	-	33,569	-	33,569
Others	-	41,725	794,507	836,231
Total	₩16,695,805	₩ 658,134	₩ 4,343,389	₩21,697,322

49. FINANCIAL INSTRUMENTS BY CATEGORY:

(1) Details of financial assets and financial liabilities by category as of December 31, 2022 and 2021 are as follows (in millions of Korean won).

1) Details of financial assets by category as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

	December 31, 2022									
	Financial assets-FVPL			Financial assets-FVOCI			Financial assets at	Derivatives assets at		
	Equity instru	Debt instru		Equity instru	Debt instru		amortized cost	amortized cost	Total	
Current:										
Cash and cash equivalents	₩	-	₩	-	₩	-	₩2,759,753	₩	-	₩2,759,753
Financial assets-FVPL		-	4,111,233		-	-	-		-	4,111,233
Financial assets-AC		-	-		-	-	-		-	-
Short-term loans		-	-		-	-	15		-	15
Short-term financial instruments		-	-		-	-	518,165		-	518,165
Derivative assets		-	-		-	-	-	68,116		68,116
Trade and other receivables		-	-		-	-	1,136,641		-	1,136,641
Total by category	₩	-	₩4,111,233	₩	-	₩	₩4,414,574	₩68,116		₩8,593,923
Non-current:										
Financial assets-FVPL	₩	5,299	₩1,274,520	₩	-	₩	-	₩	-	₩ 1,279,819
Financial assets-FVOCI		-	-		69,168	-	-		-	69,168
Financial assets-AC		-	-		-	-	-		-	-
Long-term loans		-	-		-	-	714,893		-	714,893
Long-term financial instruments		-	-		-	-	872		-	872
Derivative assets		-	-		-	-	-	177,333		177,333
Trade and other receivables		-	-		-	-	3,830,886		-	3,830,886
Non-current financial assets as Gov't grants		-	(278)		-	-	-		-	(278)
Total by category	₩	5,299	₩1,274,242	₩69,168	₩	-	₩4,546,651	₩177,333		₩6,072,693

(*) Government grants of non-current financial assets are the grants related to the acquisition of investment beneficiary certificates and have been reclassified as financial assets-FVPL since 2020, and, thus, have been adjusted to financial assets-FVPL.

December 31, 2021										
	Financial assets-FVPL		Financial assets-FVOCI		Financial assets at amortized cost	Derivatives assets at amortized cost	Total			
	Equity instru	Debt instru	Equity instru	Debt instru						
Current:										
Cash and cash equivalents	₩	-	₩	-	₩	-	₩5,235,794	₩	-	₩5,235,794
Financial assets-FVPL		-	2,278,387		-	-			-	2,278,387
Financial assets-AC		-		-	-	-			-	-
Short-term loans		-		-		25			-	25
Short-term financial instruments		-		-		1,744,081			-	1,744,081
Derivative assets		-		-		-		8,376		8,376
Trade and other receivables		-		-		747,998			-	747,998
Total by category	₩	-	₩2,278,387	₩	-	₩7,727,898	₩	8,376	₩	10,014,661
Non-current:										
Financial assets-FVPL	₩	5,295	₩1,373,075	₩	-	₩	-	₩	-	₩ 1,378,370
Financial assets-FVOCI		-		66,043		-			-	66,043
Financial assets-AC		-				427			-	427
Long-term loans		-				661,285			-	661,285
Long-term financial instruments		-				770			-	770
Derivative assets		-				-		112,948		112,948
Trade and other receivables		-				3,093,321			-	3,093,321
Non-current financial assets as Gov't grants		-	(277)			-			-	(277)
Total by category	₩	5,295	₩1,372,798	₩ 66,043	₩	-	₩3,755,803	₩ 112,948		₩5,312,887

(*) Government grants of non-current financial assets are the grants related to the acquisition of investment beneficiary certificates and have been reclassified as financial assets-FVPL since 2020, and, thus, have been adjusted to financial assets-FVPL.

2) Details of financial liabilities by category as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

December 31, 2022			
	Financial assets at amortized cost	Derivatives assets at amortized cost	Total
Current:			
Short-term borrowings	₩ 2,500,000	₩ -	₩ 2,500,000
Current-Long-term borrowings	436,240	-	436,240
Current-Bonds	3,363,907	-	3,363,907
Trade and other payables	17,251,683	-	17,251,683
Total by category	₩ 23,551,830	₩ -	₩ 23,551,830
Non-current:			
Long-term borrowings	₩ 44,859,552	₩ -	₩ 44,859,552
Bonds	30,456,050	-	30,456,050
Derivative liabilities	-	71,302	71,302
Trade and other payables	11,445,217	-	11,445,217
Total by category	₩ 86,760,819	₩ 71,302	₩ 86,832,121
December 31, 2021			
	Financial assets at amortized cost	Derivatives assets at amortized cost	Total
Current:			
Short-term borrowings	₩ 1,900,000	₩ -	₩ 1,900,000
Current-Long-term borrowings	788,625	-	788,625
Current-Bonds	1,520,588	-	1,520,588
Current-Derivative liabilities	-	285	285
Trade and other payables	15,906,581	-	15,906,581
Total by category	₩ 20,115,794	₩ 285	₩ 20,116,079
Non-current:			
Long-term borrowings	₩ 39,785,716	₩ -	₩ 39,785,716
Bonds	31,226,541	-	31,226,541
Derivative liabilities	-	37,246	37,246
Trade and other payables	12,900,474	-	12,900,474
Total by category	₩ 83,912,731	₩ 37,246	₩ 83,949,977

- 3) Net gains and losses by financial instruments for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Cash and cash equivalents:		
Interest income	₩ 1,102	₩ 1,002
Gain (loss) on foreign currency transactions	49	112
Gain (loss) on foreign currency translation	183	29
Financial assets-FVPL:		
Gain (loss) on valuation	(5,163)	461
Gain (loss) on disposal	(65,349)	-
Financial assets at amortized costs:		
Interest income	358,000	195,535
Impairment loss	(3,556)	(18,099)
Other finance income	1,754	1,322
Financial assets-FVOCI:		
Dividends	959	6,633
Gain (loss) on disposal	(65,376)	-
Derivatives designated for hedges:		
Changes in OCI	16,898	21,639
Financial liabilities measured at amortized cost		
Interest expense	(1,933,218)	(1,926,270)
Capitalization of qualifying assets	1,098,544	1,052,889
Other cost of sales	688,280	683,100
Other financial costs	(476,900)	(299,680)
Total	<u>₩(383,793)</u>	<u>₩(281,327)</u>

50. RISK MANAGEMENT:

(1) Policy of risk management

The Group manages various risks that can occur in each business area. Main subjects are credit risk, market risk, interest risk and liquidity risk. These risks are recognized, measured, controlled and reported under the basic policy of risk management set by the Group.

(2) Capital risk management

The Group performs capital risk management to maintain the ability to continuously provide profits to shareholders and interested parties and to maintain optimum capital structure to reduce capital expenses.

In order to maintain such optimum structure, the Group may adjust dividend payments, redeem paid-up capital to shareholders, issue stocks to reduce liability or sell assets, etc.

The Group manages its capital structure by debt-equity ratio, which related companies in the industry uses. The Group's debt-equity ratio is calculated by dividing net liability, which is total liabilities less cash and cash equivalents, by equity. The equity is calculated by total equity plus net liabilities (in millions of Korean won).

	December 31, 2022	December 31, 2021
Total borrowings (A)	₩ 81,624,184	₩ 75,231,440
Deduction: Cash and cash equivalents (B)	2,759,753	5,235,794
Net liabilities (A-B=C)	78,864,431	69,995,646
Total equity (D)	67,031,642	62,761,651
Total net liabilities and equity (C+D=E)	₩145,896,073	₩132,757,297
Capital finance ratio (C/E)	54.10%	52.70%

(3) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal, and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Details of the maturity profiles of the Group's financial liabilities as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

December 31, 2022						
	Book value	Less than 6 months	6-12 months	1-2 Years	2-5 Years	More than 5 years
Trade and other payables	₩28,696,900	₩ -	₩17,251,683	₩11,445,217	₩ -	₩ -
Borrowings and bond payables	81,624,184	1,896,762	2,104,202	4,032,292	9,347,250	64,243,678
Derivatives liabilities	71,302	-	-	-	-	71,302
Total	₩110,392,386	₩1,896,762	₩19,355,885	₩15,477,509	₩9,347,250	₩64,314,980

December 31, 2021						
	Book value	Less than 6 months	6-12 months	1-2 Years	2-5 Years	More than 5 years
Trade and other payables	₩28,807,054	₩ -	₩15,906,581	₩12,900,473	₩ -	₩ -
Borrowings and bond payables	75,231,440	3,312,082	897,237	3,477,205	8,309,042	59,235,874
Derivatives liabilities	37,531	285	-	-	3,517	33,729
Total	₩104,076,025	₩3,312,367	₩16,803,818	₩16,377,678	₩8,312,559	₩59,269,603

(4) Market risk

1) Foreign exchange risk

The Group manages the exchange rate risk through currency countermeasures and derivatives, such as forwards, under the exchange risk management regulation. The management of the Group has established policies for managing the foreign exchange risk about the functional currency. The Group has exposure to the exchange rate risk when the future forecast transition and recognized assets and liabilities are accounted in the currency other than the functional currency.

As of December 31, 2022 and 2021, financial assets and liabilities exposed to foreign exchange risk are as follows (in millions of Korean won):

	December 31, 2022	December 31, 2021
Financial assets in foreign currency	₩ 2,333	₩ 2,460
Financial liabilities in foreign currency	1,755,560	1,916,775

As of December 31, 2022 and 2021, if it would exchange rates fluctuate by 10% with all other variables held constant, the effects on profit or loss before income tax are as follows (in millions of Korean won):

	December 31 2022		December 31 2021	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Financial assets in foreign currency	₩ 233	₩ (233)	₩ 246	₩ (246)
Financial liabilities in foreign currency(*)	-	-	-	-
Net effect on profit or loss before income tax	₩233	₩ (233)	₩246	₩ (246)

(*) The Group enters into currency derivatives contract to avoid the risk of volatility in foreign exchange rates on its foreign currency financial liabilities.

2) Interest rate risk

Interest rate risk is the risk that the interest incomes and expenses from deposits or borrowings vary because of changes in future market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's deposits and borrowings with floating interest rates. The Group aims to minimize the unpredictability and the variation of the profit or loss caused by interest risk fluctuation. To mitigate interest rate risk, the Group manages interest rate risk proactively by improving the periodic debt structure, keeping the optimal debt ratio and preparing the countermeasures through monitoring the interest trends in domestic and international markets.

As of December 31, 2022 and 2021, there are no financial assets and financial liabilities exposed to floating interest rate risk.

As of December 31, 2022 and 2021, should interest rates of financial liabilities with variable interest rates fluctuate by 100 bp, there is no effect on profit or loss before income tax.

3) Other price risk

The Group's equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The equity instruments are held for strategic purposes and not for selling or trading purposes. The Group does not deal or trade its equity instruments frequently.

(5) Hierarchy of fair value

1) Hierarchy of fair value of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of consolidated financial statements by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques that use inputs and have a significant effect on the recorded fair value that are not based on observable market data

2) Details of the financial instruments carried at fair value as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

		December 31, 2022			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets-FVPL (Current)	₩ -	₩ -	₩4,111,233		₩4,111,233
Financial assets-FVPL (Non- current)	-	-	1,279,542		1,279,542
Financial assets-FVOCI	-	-	69,168		69,168
Derivative assets	-	245,449	-		245,449
Total	₩ -	₩245,449	₩5,459,943		₩5,705,392
Financial liabilities:					
Derivative liabilities	₩ -	₩ 71,302	₩ -		₩ 71,302
Total	₩ -	₩ 71,302	₩ -		₩ 71,302
		December 31, 2021			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets-FVPL	₩ -	₩ -	₩1,378,093		₩1,378,093
Financial assets-FVOCI	-	-	66,043		66,043
Derivative assets	-	121,324	-		121,324
Total	₩ -	₩121,324	₩1,444,136		₩1,565,460
Financial liabilities:					
Derivative liabilities	₩ -	₩ 37,531	₩ -		₩ 37,531
Total	₩ -	₩ 37,531	₩ -		₩ 37,531

51. TRANSACTION WITH GOVERNMENT AND PUBLIC INSTITUTIONS:

- (1) Details of transactions with Government and other public institutions for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

		Revenue	
	Business	2022	2021
Government department	Revenue from sales of goods:	₩ 325,314	₩ 85,227
Local government	Revenue from sales of goods:	158,321	377,886
State-owned corporations	Revenue from sales of goods:	32,989	160,535
Quasi-governmental institutions	Revenue from sales of goods:	8,729	14,756
Other governmental institutions	Revenue from sales of goods:	27,054	-
Government department	Revenue from government grants	164,078	149,571
Government department	Revenue from consignment business	144,237	55,243
Korea Housing Management Co., Ltd.	Revenue from services provided	-	-
Total		₩ 860,722	₩843,219
		Expenses	
	Business	2022	2021
Korea Housing Management Co., Ltd.	Expense by services provided	₩ 64,964	₩62,052

- (2) Details of receivables and payables with related parties as of December 31, 2022 and 2021 are as follows (in millions of Korean won):

		Receivable		Payables	
	Business	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Government department	Trade and other receivables	₩ 3,492	₩ 1,960	₩ -	₩ -
	Current non-financial assets	-	-	-	-
	Current trade payables	-	-	-	-
	Government grants	-	-	230,423	130,006
Local government	Trade and other receivables	6,881	7,050	-	-
	Current non-financial assets	2,178	2,142	-	-
	Current trade payables	-	-	-	-
	Consignment	-	-	13,768	17,724
State-owned corporations	Trade and other receivables	43	107	-	-
	Current non-financial assets	84,403	83,965	-	-
	Current trade payables	-	-	2,559	-
Quasi- governmental institutions	Trade and other receivables	29	33	-	-
	Current non-financial assets	776	773	-	-
	Current trade payables	-	-	19,918	643
Non-classified public institutions	Trade and other receivables	-	-	-	-
	Current non-financial assets	820	100,814	-	-
	Current trade payables	-	-	242	354
		₩98,622	₩196,844	₩ 266,910	₩ 148,727

Total

52. RELATED PARTY TRANSACTIONS:

(1) The Group's major related parties as of December 31, 2022 are as follows:

Relationship	Related party
Ultimate parent entity	Government of the Republic of Korea
Subsidiaries	Korea Housing Management Co., Ltd., Hannuri Co., Ltd., etc.
Associates	Smart City Co., Ltd., etc.

(2) Significant transactions with related parties for the years ended December 31, 2022 and 2021, are as follows (in millions of Korean won):

Related party	Revenue and others		Purchase and others	
	2022	2021	2022	2021
Korea Housing Management Co., Ltd.	₩ -	₩ -	₩ -	₩ 509
NHF Public Rental Development Specialized Consignment Management REIT No. 16 Co., Ltd.	-	112,678	-	138,316
Land Assistance REIT No. 2 Co., Ltd.	-	31,849	-	26,407
Total	₩ -	₩ 144,527	₩ -	₩ 165,232

(3) The Group has no outstanding receivables and payables except for borrowings and loans with related parties as of December 31, 2022 and 2021.

(4) Loans from related parties as of December 31, 2022 and 2021 are as follows (in millions Korean won):

Related party		December 31, 2022	December 31, 2021
National housing fund	Ministry of Land Transport and Maritime Affairs	₩45,089,443	₩40,009,114

(5) Compensations for key management personnel for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Short-term employee benefits	₩937	₩900
Retirement benefits	-	-
Total	₩937	₩900

53. NON- CASH TRANSACTIONS:

- (1) Details of significant transactions not involving cash flows for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022	2021
Transfer of current portion of long-term borrowings	₩ 436,241	₩ 788,625
Transfer of current portion of bonds payable	3,363,907	1,520,588
Reclassification of investment properties to inventories and others	3,812,164	3,957,278
Offsetting of long-term borrowing to loans	171,277	370,823

- (2) Changes in liabilities arising from financial activities for the years ended December 31, 2022 and 2021 are as follows (in millions of Korean won):

	2022				December 31, 2022
	January 1, 2022	Cash flow	Exchange rate change	Others	
Borrowings	₩ 42,474,342	₩ 5,492,728	₩ -	₩ (171,277)	₩47,795,792
Bonds	32,747,129	1,077,367	109,241	(113,779)	33,819,957
Total	₩ 75,221,471	₩ 6,570,095	₩ 109,241	₩ (285,056)	₩81,615,749

	2021				December 31, 2021
	January 1, 2021	Cash flow	Exchange rate change	Others	
Borrowings	₩ 38,241,847	₩ 4,231,173	₩ -	₩ 1,322	₩42,474,342
Bonds	30,613,212	1,999,858	131,595	2,464	32,747,129
Total	₩ 68,855,059	₩ 6,231,031	₩ 131,595	₩ 3,786	₩ 75,221,471

54. COMMITMENTS AND CONTINGENCIES:

- (1) The Group has entered into an agreement to guarantee the purchase of unsold apartments that Third-Party Managed REIT for Development of Public Rental Housing (NHF No.1~No.16) will own upon the completion of construction and subsequent lease and sale in accordance with Housing Act and related laws. However, the final effects from this agreement cannot be reasonably estimated as of December 31, 2022.
- (2) The Group has entered into an agreement to guarantee the discounted purchase of unsold apartments that a house development and real estate investment trusts company (7 companies, e.g. Incheon Geomdan etc.) will own upon the completion of construction and subsequent sale in accordance with Housing Act and related laws. However, the final effects from this agreement cannot be reasonably estimated as of December 31, 2022.
- (3) The Group has entered into an agreement with the provincial government of Gyeonggi-do and Seongnam City municipal government on the Pangyo-district joint implementation project. According to the agreement, the excess returns are agreed to be reinvested if the actual return on investment (ROI) earned by the Group exceeds the reasonable ROI of comparable entities. Accordingly, the Group records the estimated excess returns as cost of sales and other current liabilities as of December 31, 2022.
- (4) The Group has entered into an agreement to guarantee the purchase of unsold apartments that Passive House Third-Party Managed REIT for Public Rental Housing and Zero-Energy Third-Party Managed REIT No. 2 for Public Rental Housing will own upon the completion of construction and subsequent lease and sale in accordance with special Act on Housing and related laws. However, the final effects from this agreement cannot be estimated as of December 31, 2022.
- (5) As of December 31, 2022, the Group is involved in a total of 1,061 pending litigations with total claims against the Group amounting to ₩980,946 million. Accordingly, the Group provides a contingent reserve for the outflow of economic resources as a result of legal settlements. The management of the Group utilizes reasonable methods in approximating the provision for such reserve.
- (6) The Group has entered into agreements for returning cancellation agreements with financial institutions until the amount to be refunded to the buyer when canceling the contract-related intermediate payment in accordance with the real estate sale contract.
- (7) As a matter of KMIC Joint Venture Agreement (JVA), the Group has agreed to a payment guarantee for the amount according to the cash capital investment ratio (currently 66.67%) among the loans from financial institutions necessary for the formation of KMIC in the future. The exact amount and timing of payment cannot be specified at this time.

(8) The Group is withholding the payment of management evaluation performance bonuses (up to ₩11,381 million) in accordance with the results of the 2020 public institution management performance evaluation and follow-up measures. However, the final effects from the above-mentioned measures cannot be reasonably estimated as of December 31, 2022.

(9) In accordance with Special Act on Public Housing and related laws, the Group has entered into an agreement to guarantee the purchase of a house that is expected to construct by the private sector or is under construction for use as a rental housing as follows (in millions of Korean won):

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Private housing purchase agreement	₩ 5,101,675	₩3,609,262

(10) Details of agreements with institutions-related loan agreement and performance guarantee, etc. as of December 31, 2022 are as follows (in millions of Korean won):

<u>Agreement</u>	<u>financial institutions</u>	<u>Limit</u>	<u>Loan Execution</u>	<u>Remarks</u>
Loan arrangement	Woori Bank	₩ 450,000	₩ -	Checking loan
	KEB Hana Bank	150,000	-	Checking loan
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	KEB Hana Bank	300,000	300,000	Bill discount
	KEB Hana Bank	300,000	300,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
	Hana Financial Investment	200,000	200,000	Bill discount
	Hana Financial Investment	300,000	300,000	Bill discount
	Hana Financial Investment	200,000	200,000	Bill discount
	Shinhan Bank	200,000	200,000	Bill discount
	KEB Hana Bank	200,000	200,000	Bill discount
Guarantee	Seoul Guarantee Insurance	164,418	164,418	License and deposit
Guarantee	KB Kookmin Bank	2,436	2,436	Kuwait new town service
Total		<u>₩3,266,854</u>	<u>₩2,666,854</u>	

(11) Details of debt guarantees and guarantees provided by the Group for others are as follows (in millions of Korean won or in thousands of foreign currencies):

1) Debt guarantees

<u>Guarantee provider</u>	<u>Warrantee</u>	<u>Institution</u>	<u>Period</u>	<u>Amount</u>
Korea Land & Housing Corporation (*)	VTK HUNG YEN IP Co.,LTD	Busan Bank, Global Infra Venture Fund	2022.03.07 ~ 2026.03.06	USD 11,103

(*) The Company has an obligation to supply funds (subordinated loans) for default.

Guarantee provider	Warrantee	Institution	Period	Amount
Hannuri(*1)	Hannuri Energy	Hyundai Asan	2009.06.22 – 2028.09.11	₩600
Hannuri(*2)	Hannuri Energy	E1	2010.05.20 – 2028.07.25	70

(*1) Joint guarantees for the return of the deposit about gas station operation outsourcing.

(*2) Joint guarantees for the return of the deposit about gas station filling operation outsourcing.

2) Guarantees

Guarantee provider	Warrantee	Commencement date	Amount of collateral
Hannuri	Korea EXIM Bank	2016.03.30	₩9,100(*1)
Hannuri	Korea EXIM Bank	2016.07.29	371(*2)
Hannuri	Korea EXIM Bank	2022.05.24	371(*3)

(*1) Upon Hannuri receipt of insurance (₩7,000 million), setting collateral to the asset of HannuriHotel's right to use land and building.

(*2) Upon Hannuri receipt of government grants (₩285 million), setting collateral to the asset of Hannuri Hotel & Hannuri Energy's right to use land and building.

(*3) Upon Hannuri additional receipt of government grants (₩285 million), setting collateral to the asset of Hannuri Hotel & Hannuri Energy's right to use land and building.

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