



# Value Creator **KORAMCO**

Annual Report 2009

---

## CONTENTS

- 10** Chairman's Message
- 12** Board of Directors
- 14** Financial Highlights
- 15** News Highlights

### OPERATION REVIEW

- 18** Our Markets
- 22** Our Businesses
- 34** Our Values

### FINANCIAL REVIEW

- 39** Management's Discussion & Analysis
  - 42** Report of Independent Auditor
  - 43** Financial Statements
- 
- 50** Corporate History
  - 51** Contact Information





In 2009, the global financial crisis caused the national economic growth rate to plummet and depressed the real estate market. Undaunted by such difficulties, we made remarkable progress as all of us at KORAMCO REITs & Trust stood united as one.

With a firm belief that the future is not predetermined, but created from our minds, hearts and efforts, we are concentrating all our capabilities on promptly sensing and responding to changes in business environment and developing differentiated strategies,

**a step forward  
toward becoming  
a top-notch,  
sustainable real  
estate financial  
institution.**



**Design Motif** The paintings employed in the design motif are traditional Korean folk paintings recognized for their candid description of the distinctiveness and simplicity of the Korean people. They are intended to express our simple passion and unadorned, yet unswerving efforts to 'create new value for customers with knowledge and customer trust.'





The background of the page is a traditional East Asian ink wash painting. It depicts a landscape with a body of water in the foreground, a small boat, and a bird in flight. The style is minimalist and expressive, with soft, blended ink washes creating a sense of depth and atmosphere. The colors are muted, primarily in shades of brown, tan, and grey.

## COMPANY PROFILE

Based on the business philosophy of ‘creating new value for customers with knowledge and consumer trust,’ KORAMCO REITs & Trust pioneered Korea’s REITs market through efficient integration of real estate and finance. As such, we have been at the forefront of fostering a transparent and sound real estate investment culture, greatly contributing to the nation’s real estate finance industry.

Founded back in 2001 under the business name of KORAMCO as a REITs asset management company, we added real estate trust to our business line-up in 2006, paving the way to become a comprehensive real estate financial institution. We offer one-stop services for real estate business including REITs establishment and asset management, real estate development, investment advisory services, real estate trust, and administrative services. In 2010, we advanced into real estate fund management, expanding our business from REITs and real estate trust to the setup and management of real estate funds. On the back of such a complete business line-up, we continually strive to achieve more robust growth and become a leading comprehensive real estate financial institution.



In 2009, the global financial crisis caused the national economic growth rate to plummet and depressed the real estate market. Undaunted by such difficulties, we made remarkable progress as all of us at KORAMCO REITs & Trust stood united as one.

With a firm belief that the future is not predetermined, but created from our minds, hearts and efforts, we are concentrating all our capabilities on promptly sensing and responding to changes in business environment and developing differentiated strategies,

**a step forward  
toward becoming  
a top-notch,  
sustainable real  
estate financial  
institution.**









# WE SHARE A STRONG VISION TOGETHER.

The future of KORAMCO that each of our employees and executives dreams of is 'a sustainable company that anyone would desire to work for and the world-best real estate financial institution.' Striving with passion and integrity, we will become a company that gives employees the opportunities to realize their dreams, that inspires them to reach their potential and ensures they feel rewarded for their efforts, which in turn generates profits and helps to develop the company, and where love is earned from customers and society at large based on leading-edge technologies, capabilities and trust.





# WE FOCUS ON WHAT REALLY MATTERS.

Fuelled by ceaseless research and innovation, we create value. As a human resource intensive company, we know our workforce is our greatest asset: their every expertise a source for differentiation and competitiveness. Also as a real estate service company, we understand that customer trust is more important than anything else, so we consistently offer new products and services to deliver greater value to customers. As such, our products are recognized as standards in the real estate finance industry of Korea.







# WE BUILD A SUSTAINABLE FUTURE.

Our efforts for a better KORAMCO REITs & Trust go far beyond producing outstanding business performance. We continue to invest in recruiting and nurturing a talented workforce whose professionalism and personalities help to define us as a valuable partner to our customers. We also make every effort to fulfill our social responsibility as a corporate citizen to earn the love of the communities in which we are operating and to attain truly sustainable growth. Together, we are paving the way to reinforcing our leadership in the industry as a sustainable partner today and into the future.







## CHAIRMAN'S MESSAGE

10



We are aiming to become a preeminent global real estate financial institution by swiftly responding to the ever-changing business environment and continuously enhancing our core business capabilities.

### To Our Shareholders, Customers and Partners

The real estate market suffered heavily along with the economy in 2009 in the wake of the global financial crisis. Despite the challenging circumstances, however, every one of us at KORAMCO REITs & Trust joined hands and worked together to produce a solid business performance for the year.

Although we fell short of the KRW800 billion target that we set for our REITs business at the beginning of 2009, we successfully set up REITs totaling KRW654.4 billion in an exceedingly difficult market. Our KOCREF REIT-5 and KOCREF REIT-6 also successfully disposed of assets and liquidated funds in a timely fashion with strong returns that more than met investor expectations.

In the trust business, we concluded contracts totaling KRW21.1 billion, a record-high since we entered the business in 2006. By strengthening our under-performing land development trust business, we also achieved a well-balanced sales revenue structure between our land and non-land trust businesses that will ensure a vigorous future growth.

There were also real and tangible gains in terms of our business competitiveness in 2009. We successfully launched a credit-based corporate educational system together with our Cyber Academy, implemented effective employee performance evaluations based on Key Performance Indicators (KPI), and fine-tuned our rules and policies for risk management. In addition, we built advanced forecasting models for the office rental market after more than a year of extensive research, thus opening a new front for KORAMCO as an expert forecasting authority on Korea's real estate and office rental markets.

Strong economic recovery is expected in 2010. For the real estate market, spring will surely come. What is less certain, however, is whether spring-like weather will come as well. Competition is likely to intensify as well in the REITs and trust segments with new competitors coming to the marketplace.

Nevertheless, we are setting ambitious goals for the coming year based on thorough market analyses and internal reviews. For our REITs business, we expect to set up funds totaling KRW800 billion. In the trust segment, our goal is to sign up KRW22 billion in new businesses. For the company as a whole, we are aiming for KRW30 billion in sales revenue and KRW7 billion in net income. We have also come up with specific strategies and key tasks that we are going to execute to achieve the goals we set for 2010.

In enhancing our business competitiveness, I believe we must strive for a paradigm shift. To date, our primary role in the real estate financing has been more or less limited to an intermediary between buyers and sellers. Going forward, I believe that KORAMCO must be transformed into a "Value Creator" for its clients. To success

in this transformation, we must first and foremost understand the needs of the buyers and work in order to strengthen our core business capabilities around them. This will entail several bold steps.

**First, we intend to diversify and expand the range of investments for our REITs business.** Because of the ever-growing competition in the office buildings segment, it is becoming increasingly difficult to provide investment opportunities that appeal to investors with expectations of high returns. So, going forward, we intend to shift our strategic focus to, among others, retail shops, logistics, industrial complexes, golf courses, and hotels. We also envision expansion into high-value-added real estate development projects.

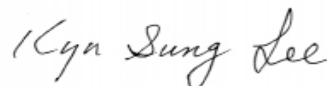
**Second, we are going to offer our customers diverse and differentiated premium services that our competitors cannot match in the trust business.** In particular, we are going to concentrate on enhancing our core capabilities to augment and strengthen our leveraged land development trust business, a key strategic business objective for this year.

**The third is developing an efficient and effective business management system.** Now that we have in place a fully integrated asset management system with the incorporation of a real estate fund management subsidiary, we will be endeavoring to create a management environment that fosters creativity and independence in businesses. We also intend to step up our efforts on enhancing our brand and customer satisfaction with more focused brand management and Customer Relationship Management (CRM). One key initiative in this effort is completing the Enabler System that will ensure seamless integration and operation of our IT systems.

It is said that the future is not what is destined for us, but what we make of it. So, I am confident that we can overcome any challenge or adversity by swiftly responding to new shifts and developments in the marketplace and concentrating on our core strength.

We very much look forward to your continued support for KORAMCO REITs & Trust as we forge ahead with our vision to transform it into a truly world-class real estate financial institution with continuous innovation.

Thank you.



April 2010

Kyu-Sung Lee  
Chairman



# BOARD OF DIRECTORS

12

Chairman, Board of Directors



## Kyu-Sung Lee

Chairman of  
the Board of Directors

- Minister, Ministry of Finance and Economy
- Minister, Ministry of Finance
- B.A. in Economics, Seoul National University

## Chang-Mo Moon

CEO and President,  
General Management

- Auditor, Korea Development Bank
- Director, Ministry of Finance and Economy
- M.A. in Economics, Vanderbilt University, U.S.
- B.A. in Political Science & International Studies, Yonsei University

## Kil-Seok Suh

CEO and President,  
REITs Business Group

- Executive Vice President, Credit Management Unit at Woori Bank
- Executive Vice President, Risk Management Unit at Woori Bank
- Executive Vice President, Trust Business Unit at Woori Bank
- B.A. in Agricultural Chemistry, Korea University

## Joon-Ho Chung

CEO and President,  
Trust Business Group

- Head, Research and Analysis Department at Woori Financial Group
- Financial Supervisory Commission
- Ministry of Finance and Economy
- Ph.D. in Economics, University of Missouri, U.S.
- B.A. in Economics, Seoul National University

## Outside Directors

13



### Hoon Namkoong

Executive Director

- Chairman, Korea Life Insurance Association
- President, Korea Deposit Insurance Corp.
- Ministry of Finance and Economy
- Master's Degree, Vanderbilt University, U.S.
- B.A. in Law, Seoul National University

### Ji-Chang Yoo

Executive Director

- Currently Chairman, Eugene Investment Securities
- Chairman, Korea Federation of Banks
- Governor, Korea Development Bank
- Vice Chairman, Financial Services Commission
- Kennedy School of Government, Harvard University, U.S.
- B.A. in Sociology, Seoul National University

### Sin-Seob Kang

Executive Director

- Currently Attorney, Law Firm Shin & Kim
- Research Judge, Supreme Court of Korea
- Master's Degree, Seoul National University
- B.A. in Law, Seoul National University

### Hyoung-Tae Kim

Executive Director

- Currently President, Korea Capital Market Institute
- Ph.D. in Business Administration, Seoul National University
- B.A. in Business Administration, Seoul National University



# FINANCIAL HIGHLIGHTS

14

## Summary of Statements of Financial Position

(Unit: KRW million)

	2008	2009	Change(%)
Current Assets	64,308	67,401	4.8
Non-current Assets	14,919	19,235	28.9
<b>Total Assets</b>	<b>79,227</b>	<b>86,636</b>	<b>9.4</b>
Current Liabilities	17,552	10,949	-37.6
Non-current Liabilities	320	480	50.0
Total Liabilities	17,872	11,429	-36.1
Capital Stock	10,000	10,000	0
Surplus	51,354	65,207	26.9
Total Stockholders' Equity	61,354	75,207	22.6
<b>Total Liabilities and Stockholders' Equity</b>	<b>79,227</b>	<b>86,636</b>	<b>9.4</b>

## Summary of Statements of Income

(Unit: KRW million)

	2008	2009	Change(%)
Operating Revenue	67,592	42,185	-37.6
Operating Income	47,279	22,627	-52.1
Net Income	33,961	16,592	-51.1

## Key Indicators

(Unit: %)

	2008	2009
<b>Stability Indicators</b>		
Current Ratio	366.4	615.6
Debt-to-equity Ratio	29.1	17.5
Net Capital Ratio (NCR)	760.6	754.2
<b>Profitability Indicators</b>		
Ratio of Operating Income to Revenue	69.9	53.6
Return on Assets (ROA)	52.9	20.0
Return on Equity (ROE)	73.8	26.2
<b>Growth and Activity Indicators</b>		
Growth Rate of Revenue	95.3	-37.6
Growth Rate of Operating Income	179.4	-52.1

## Established KOCREF GS Square PFV

Despite the challenging investment environment amid the global financial crisis, KORAMCO REITs & Trust began discussion for establishment in 2008, concluded it in 2009 and officially established a large-scale KOCREF GS Square PFV worth KRW 532 billion on January 7, 2010. It is the second of its kind under KORAMCO following the first offering, the Pangyo SD-2 PFV, established in August 2007. The PFV with a total floor area of 236,688m<sup>2</sup> is home to multi-purpose commercial facilities (including offices, department stores and shopping malls). KOCREF GS Square is the first of its kind as a PF business in Korea worth over KRW 500 billion and was developed without the debt guarantees of contractors.

## Sold Assets and Liquidated KOCREF No. 4 and No. 5

We realized a high ROE by selling real estate assets held under KOCREF No. 4 and No. 5 with high ROEs of 23.0% and 28.9%, respectively. These results were driven by active marketing towards prospective buyers at home and abroad while establishing and implementing thorough measures and strategies to maximize the sale value. Following the successfully liquidated KOCREF No. 1, No. 2 and No. 3, KOCREF No. 4 and No. 5 met investor expectations with high ROEs, reaffirming the expertise of KORAMCO REITs & Trust as well as the prestige of KOCREF.

## Garnered the Highest Contract Volume since Entry into the Trust Business

We garnered record-high new contracts worth KRW 21.1 billion since we entered the real estate trust business in March 2006, raising our market share to 10.2% (in terms of new contracts) and thus securing our position as a leading trust company. Moreover, our growth momentum is well on its way with trust assets of over KRW 11 trillion in the four years since our market entry. Meanwhile, as for our new contracts for land development trust, which have remained comparatively weak so far, our volume has dramatically increased from KRW 1.3 billion in 2008 to KRW 9.3 billion in 2009, taking up 44% of new contracts. Accordingly, we have established a balanced portfolio of land development trust businesses and other trust businesses, paving the way to generate stable revenues down the road.

## Differentiated Trust Services

KORAMCO REITs & Trust has no non-performing trust businesses thanks to thorough business analysis and risk management attained by focusing on qualitative business growth that befits our quantitative progress. Moreover, customer confidence in our trust services has risen due to our efforts to provide more sophisticated services including those customized to individual customers as well as customer-centric management. As favorable evaluation of service quality has continually risen, we have succeeded in fully differentiating our services over the last four years, thus garnering comparative advantages amid fierce competition.

## Establishing Momentum in Corporate Growth

Despite the repercussions of the global financial crisis and the downturn in the real estate market, we were able to record revenues of KRW 42.2 billion and a net income of KRW 16.6 billion, continuing with our stable growth momentum. Although the performance was not as outstanding as that of 2008 when we attained record-high revenues and net income by selling assets held under KOCREF No. 3, our 2009 performance was still praiseworthy given the challenging market conditions and fiercer competition. This is due to our corporate capabilities and concerted efforts, which will pave the way for KORAMCO REITs & Trust to fly high as a world-class real estate financial institution.

We go beyond our customer's expectations to set industry standards, foster new trends in the market and become the very best. This is how KORAMCO REITs & Trust found itself at the forefront of the industry, taking a leading position through our respect for principles and our unsparing efforts in innovation.

We earned the trust from  
our customers by creating  
new value and consistently  
delivering outstanding  
performance.



## OUR MARKETS



Office Market	19
Retail Market	20
Residential Market	20
Logistics Market	21

## OUR BUSINESSES



General Management	23
REITs Business	24
Trust Business	31

## OUR VALUES



HR Management	35
Social Responsibility	36

# OUR MARKETS

Leading the Way to Success

Our greatest core competency is preemptive risk management. It is realized through keen insight into market trends and the highest level of research & analysis capabilities. We at KORAMCO believe that accurate analysis and scientific prediction are the keys to the success of a real estate financial institution. ”

Jun-Ho Pok  
Deputy General Manager,  
REITs Business Group

Sinmundo (Paintings of Divine Animals) A hawk braced for potential risks, scarping away anything evil, represents our preemptive risk management and insight into market trends.

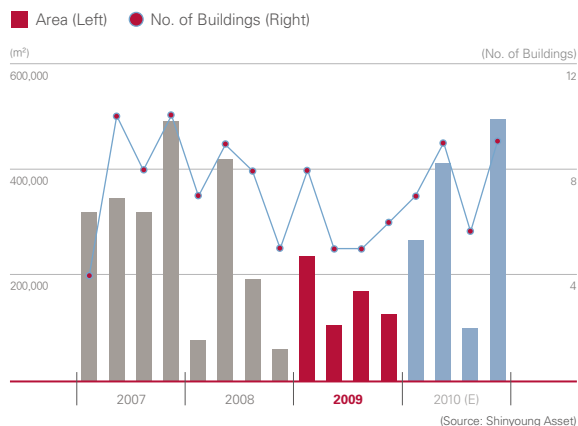


# Real Estate Market

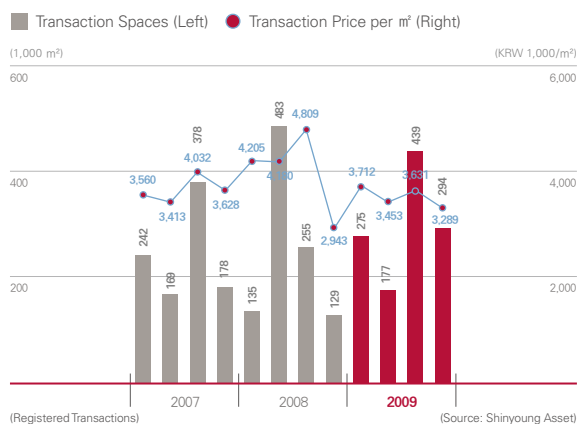
19

The domestic real estate market, struck by the global financial crisis, started to turn around from last year. The supply of prime offices in the office business, as well as real economic recovery and interest rate variation in retail and residential markets are expected to be major variables in the coming year.

**New Office Market Supply**



**Office Transaction Space and Prices**



## OFFICE MARKET

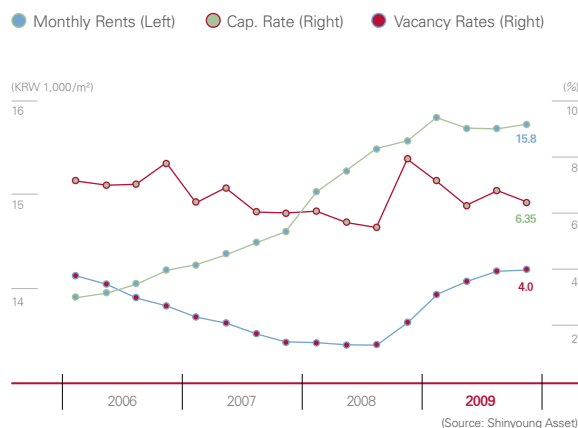
**Supply Trends** The rental market was unstable in 2009, so rental rates were relatively low at around completion points except for some newly built buildings. As such, on many occasions, the initially expected completion period was delayed or construction was suspended, which led to decreases in the supply volume. In 2010, some of those to be supplied will be delayed or converted for other usages, but the new supply volume is predicted to dramatically surpass that of the average year.

**Transaction Trends** Due to the greater interest of buyers in indirect investments and the extension of the duration for tax benefits, the acquisition of offices held under real estate funds was consistently underway. Overseas investors took a wait-and-see attitude with a focus on selling rather than acquiring, while demand was detected among actual users and individual financiers.

**Rental Trends** Due to the economic recession and high vacancy rates, plans to raise rents have been delayed or, on many occasions, frozen, which has led to a stabilizing of average rents. Vacancy rates have risen to the 4% range for the first time in four years, while the pace has slowed down over time.

**Market Outlook** In 2010, the office rental market will witness higher vacancy rates and lower rents due to an oversupply. The office transaction market entered a recovery phase in the latter half of 2009, yet increases in rents are expected to be limited by several risk factors including aggravating rental market conditions and the possibility of an oversupply of large-sized offices.

**Office Rents and Vacancy Rates (Seoul)**





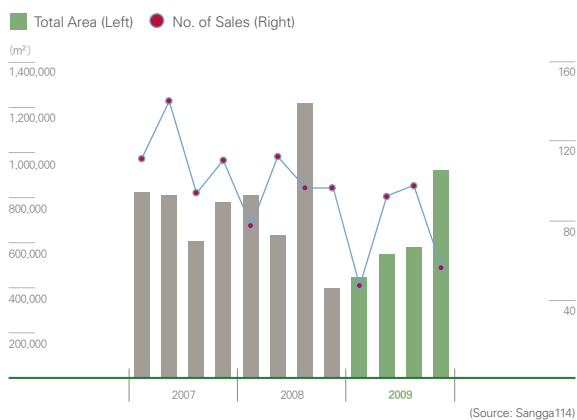
## RETAIL MARKET

**Supply Trends** Since late 2008, supply has dwindled due to a decrease in sales and area of retail space. In 2010, however, mega-large retail buildings will enhance the supply in Seoul and the Seoul metropolitan area (including Pangyo, Dongtan, Sangam and Yangjae), hinting at the possibility of a recovery.

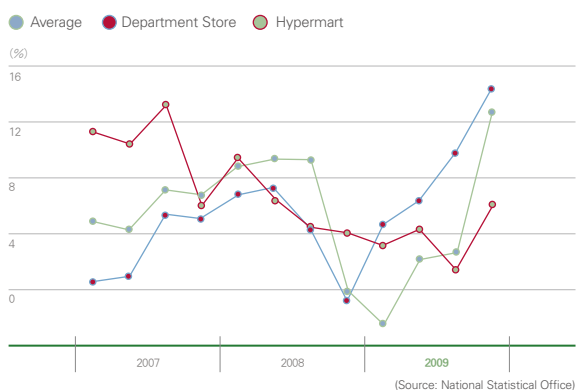
**Sales Trends** Retail sales, which decreased in 2008, garnered dramatic growth in 2009. The growth rate of hypermarkets was relatively low due to saturation effects while department stores enjoyed a high growth rate despite the economic downturn.

**Market Outlook** The retail market is anticipated to be positively influenced by improved key economic indicators and expectations of economic recovery. Benefits are projected as a result of residential regulations including DTI, but growth trends are predicted to be determined by the speed of real economic recovery and increases in interest rates.

Retail Sales Volume



Retail Industry Sales Amount (year on year)



## RESIDENTIAL MARKET

**Supply Trends** At the end of 2009, the government's real estate transfer tax benefits matured, which dramatically increased the housing supply of approved lots and those sold in lots, and the volume of unsold houses dropped due to the government rescue package including the transfer tax exemption and acquisition of unsold offerings by public agencies as well as the self-rescue efforts of construction companies.

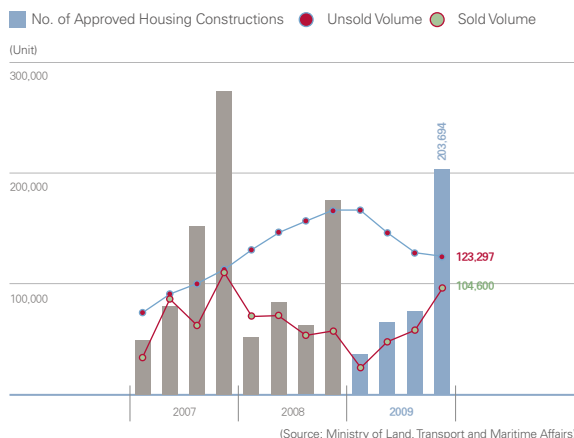
**Transaction Trends** Transactions of residential units have dropped dramatically since the second quarter of 2008, hitting bottom in the first quarter of 2009, but actual indicators including the volume of apartment transaction have been showing signs of recovery since the second quarter.

**Price Trends** Transaction prices have fallen since the fourth quarter of 2008, but starting from the third quarter of 2009, rapid recovery is well underway especially with reconstructed apartments in Seoul, driven by the economic stimulus package and the dramatic rise in liquidity.

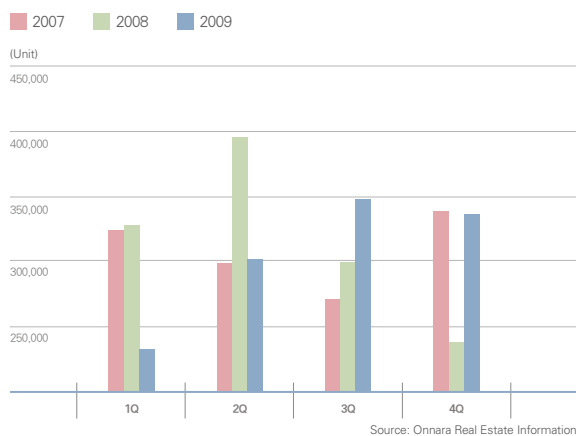
In the Jeonse rental market, the demand increased due to composite factors including the conversion of the demand for transactions into that for Jeonse rental due to DTI regulations. Additionally, the supply of government-supported housing and increases in the would-be demand for sales following the redevelopment of the government's New Town plans all led to higher Jeonse rental prices.

**Market Outlook** According to experts and research firms, housing prices in 2010 are expected to rise slightly, but the recovery will be limited due to more stringent housing regulations. The main variables are economic recovery and interest rate hikes. As real estate transfer tax benefits are over, the new housing sales market in the private sector will be severely bipolarized. Moreover, upon the shrinkage in the sales market, investment demand may become focused on existing offerings including those involving reconstruction and redevelopment.

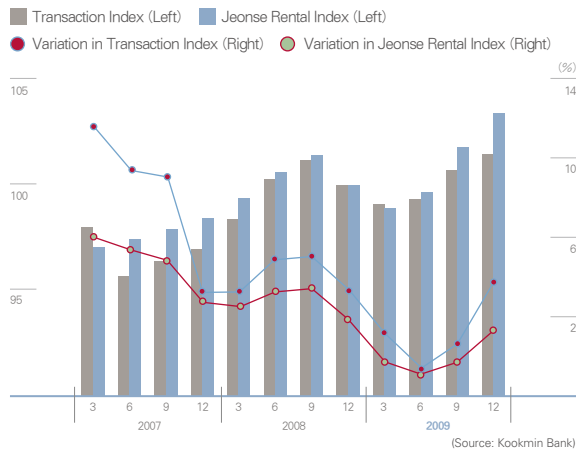
Apartment Supply



### Housing Transaction Volume



### Housing Prices (year on year)



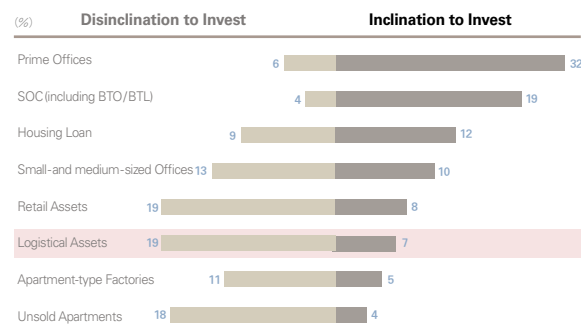
## LOGISTICS MARKET

**Market Trends** The logistics industry that showed rapid growth in 2007 and 2008 witnessed a dramatic cut in its growth rate in 2009 (based on the total revenues of the transport business). The sales volume stayed the same or decreased, showing a low growth rate, which was due to weaker consumption confidence, oil price hikes, reduction in logistics volume, the reluctance of shipping companies to invest and the worsening management environment for major customers.

**Market Outlook** The sluggish logistics industry of 2009 is expected to begin recovering in 2010. According to experts in the field, the majority views the situation as improving in comparison with 2009 with the exception of a few naysayers who continue to have a gloomy outlook.

By contrast, the market outlook still needs to be watched carefully because of some negative points of view asserting that the industry will undergo a supply surplus around 2012~2013 when logistical facilities will be completed in the Seoul metropolitan area.

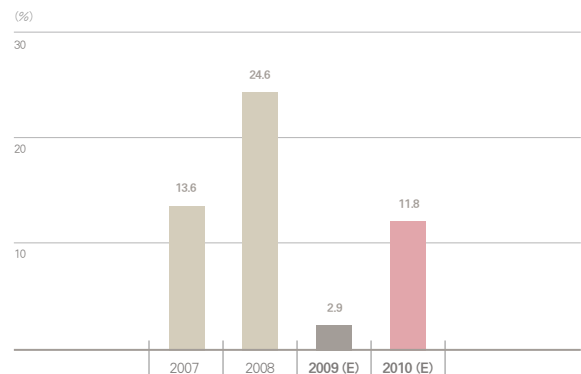
### REITs Institutional Investors' Preference for Investment Products



(Source: KORAMCO REITS & Trust, Investor needs survey results)

\* Survey target: Personnel at key domestic investment institutions (32 institutions), Survey period: Nov. 10 ~ Nov. 24, 2009

### Logistics Industry Growth Outlook



(Source: KORCHAM, Korea Logistics News)

# OUR BUSINESSES

Pursuing New Level of Excellence

Morando and Sockryudo (Paintings of Peonies, Vegetables and Fruits) - Peonies and pomegranates, symbolic of affluence, represent our growth both in quantity and quality as a real estate finance leader.

“ Our successes in real estate finance are stacking up adding to our confidence and spurring us on to greater achievements. With such conspicuous performance and sustainable growth driven by efficient business conduct, thorough preparation, post-verification and upgraded capabilities, we are reaching a new level of excellence. ”

Seok-Nam Yong  
Senior Manager,  
Trust Business Group





# General Management

We made forays into the real estate fund management market to secure a future growth engine and plan to provide systematic and efficient business support as well as improved market forecasting in order to lay a solid foundation for sustainable growth.

## 2009 PERFORMANCE

### Preparing to Tap into the Fund Management Business

Following years of research on market conditions to take full advantage of the real estate fund management business and business feasibility reviews, we set in place the procedures to establish ourselves as a full-fledged asset management company. As a consequence, we acquired preliminary approval from the Financial Services Commission in December, 2009.

On March 3, 2010, we successfully acquired full approval from the Financial Services Commission. Now, KORAMCO REITs & Trust is not only in charge of the existing businesses of REITs asset management and real estate trust, but also the establishment and management of real estate funds, reflecting its prestige as a fully recognized comprehensive real estate financial institution.

### Re-establishing the Corporate Vision

Due to the rapid growth in scale and capabilities since our foundation, we took a hard look at our corporate mission and vision through internal evaluation and came to the conclusion that they are no longer appropriate reflections of our company. As such, we formed a task force consisting of employees and executives as well as outside advisors to realign our corporate mission and map out a new enterprisewide vision following thorough discussions and consultations.

The newly developed vision will then be documented as 'KORAMCO Mission & Vision' to be shared by us all.

## MANAGEMENT PLANS FOR 2010

### Establishing an Efficient Business Support System

**Set-up of Enabler System** We will devise measures to improve the IT system through diagnosis and analysis of the overall system and ultimately upgrade the current processor systems into enabler systems. In addition, we will develop the CRM and IFRS systems, and strengthen the IT security by adopting DRM (Digital Rights Management).

**CRM Enforcement** By expanding the CRM Project report written in 2009, we will establish a CRM master plan and develop the CRM system to specifically execute and operate enterprise-wide. By doing so, we will raise customer loyalty and pave the way for management of customer satisfaction.

**Strengthening Public Relations** We plan to strengthen our online presence while establishing PR infrastructure and expanding PR efforts by means of media exposure in a bid to enhance our long-term brand value.

**Improving the Account Management System** We will strengthen our managerial accounting functions for accurate margin supervision of each sector and team. We also plan to establish the K-IFRS in response to the IFRS to be applied to all enterprises by 2011, while raising the usability of various types of financial information from the ERP.

### Strengthening Market Predictability and Developing New Businesses

**Set-up of a Retail Prediction Model** Through joint research with professional agencies, we will establish a retail market analysis system. In addition, by upgrading the existing office market prediction model in a more sophisticated manner, we will continue to establish prediction mechanisms not only for existing space markets but also the capital market.

**Strengthening the Basis for Real Estate Market Prediction** We plan to establish the Real Estate BSI (Business Survey Index) to gauge the investment confidence level for the first time in Korea.

**Developing New Business** We plan to explore new business opportunities made possible by the UPREIT application which was launched in 2009, targeting large-sized development businesses and real estate asset-holding companies. In addition, we plan to select regions into which advances might be made abroad and establish specific advancement strategies including the selection of promising businesses and how to enter such markets.

# REITs Business

24

Even as our premier REITs brand, KOCREF, cemented its national best-in-class position, we focused on further sharpening our competitive edge. We will enhance our market leadership by strengthening core capabilities through better financing with diversified investment groups, enhancing the management of development projects, developing new products to target a broader range of investment destinations, and exploring advances into overseas markets.



## 2009 PERFORMANCE

### Establishment of New Value-creating Funds

KORAMCO REITs & Trust solidified its presence as a leader in the REITs market by establishing new value-added funds worth KRW 654.4 billion in 2009.

KOCREF No. 15, launched through public offerings in three years and seven months, is a value-generating product with a business structure of maximizing building value through remodeling and resale. The product generated great success by attracting investment from various sources amid overall market reluctance towards equity investment. KORAMCO was able to successfully diversify its investor base including institutional investors who had invested in existing KOCREF funds reinvested in KOCREF No. 15. For the first time, investment was also attracted from PB customers of banks. Additionally, opportunities to invest in commercial real estate were provided to private investors through public offerings.

KOCREF GS Square is a PFV, which KORAMCO REITs & Trust developed and whose assets the company manages via comprehensive development projects (including offices, department stores and shopping malls) worth 236,688m<sup>2</sup>, the first of its kind conducted by KORAMCO REITs & Trust. Despite being a massive development business worth KRW 532 billion, a structure to dramatically lower business risks was adopted, thus successfully inducing large-scale investment decisions even as large-scale PF (Project Financing) is challenging in the aftermath of the global financial crisis.







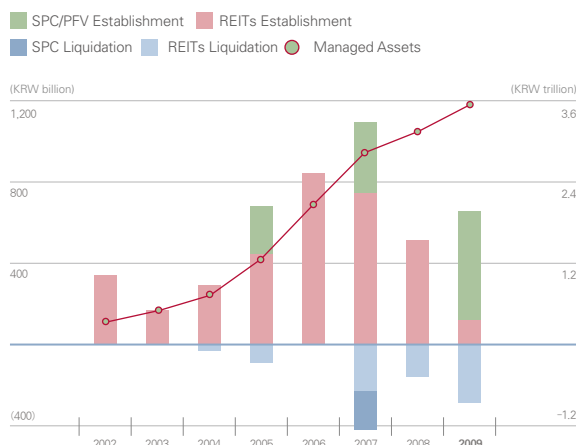
#### Newly Launched Funds

(Unit: KRW billion)

	2008	2009	Change	Note
REITs	518.8	122.4		KOCREF No. 15 (Insong Building)
PFV	-	532.0		KOCREF GS Square * (Pyeongchon GS Retails Complex Development Project)
<b>Total</b>	<b>518.8</b>	<b>654.4</b>	<b>26.1%</b>	

\* Established on January 7th, 2010

#### Fund Establishment



#### Liquidation of KOCREF No. 4 and No. 5

##### Higher yield for investors through the liquidation of assets

As an asset management company, KORAMCO REITs & Trust completed the successful sale of holdings based on effective asset sale strategies. At a time when real estate transactions are nearly nonexistent and the market still reeling from the global financial crisis, we contacted highly potential prospective buyers through continued marketing at home and abroad. As early as eight months prior to the asset sale, we established measures to maximize the sales value, implemented strategies accordingly, and sold the assets through close consultation with the fund board.

As for YTN Tower held under KOCREF No. 4, we secured a competitive sales price despite the right to first refusal, completed the sale within the duration, and contributed to raising the yield and investor satisfaction. As for Platinum Tower, despite the sales constraints of the divided ownership property, our stable asset management and positive development factors led to securing multiple bidders and sales negotiations with foreign buyers, resulting in devising smooth agreements and successfully wrapping up sales. Moreover, capital gain dividends through distribution of residual property contributed to a higher shareholder yield.

As for KOCREF No. 5, considering the differences of opinions among investment institutions on the sales period and method, we arrived at a smooth sales procedure by holding numerous Board of Director meetings and seminars. Moreover, post-liquidation capital reduction increased the ROE for shareholders by dividing the capital gains to investors in the initial phase.





### The Majority of Funds under Management Exceeded Target Payout Ratios

In 2009, a total of 12 funds were in our management (10 REITs and 2 PFVs), eight of which are invested in rental properties and four in properties under construction.

Despite an average target payout ratio was 8.94% for rental funds, we were able to achieve an average payout ratio of 10.04%, exceeding the rental revenue target and reducing cost through effective asset management. Among them, five funds exceeded the target payout ratios initially proposed to investors for 2009 (those whose settlement period closed in 2009). Listed funds, meanwhile, had higher payout ratios than the target mainly due to securing stable financial lease revenues through pre-sale of properties held under KOCREF No. 7. Non-listed funds, by contrast, exceed target payout ratios to a smaller degree due to lower performance vis-à-vis the business plans for KOCREF NPS No. 1 in the latter half of the year.

As for funds under construction, we are effectively carrying out construction process/business management and quality control as planned. Reduction of construction costs and adequate control of construction specifications bear witness to our consistent efforts in a bid to raise the asset value and competitiveness and increase the fund yield. This is done by analyzing documents presented by contractors, seeking cost reduction measures and consulting on approval from the related public authorities.

#### Fund Dividends

	Rental		Under Construction	Total
	Listed	Non-listed	Non-listed	
No. of Funds	3	5	4	12
Total Assets (KRW billion)	380.8	2,112.2	1,200.7	3,693.7
Target Payout Ratio Average (A)	8.11%	9.27%	N/A	8.94%
Actual Payout Ratio Average (B)	10.48%	9.86%	N/A	10.04%
Payout Ratio Exceeded (B-A)	2.37%p	0.59%p	N/A	1.10%p

\* The average payout ratio is the simple average of cash fund.

### Attained the Higher Yield than the Target via High Management and Capital Gain Dividends

	AMC	Annual Average Yield	ROE	Year of Liquidation
REITs of other AMCs*		21.6%	16.3%	
KOCREF No. 1		43.5%	28.4%	May 2007
KOCREF No. 2		12.1%	11.2%	Sep. 2005
KOCREF No. 3	KORAMCO REITs & Trust	51.3%	31.1%	Aug. 2008
KOCREF No. 4		31.4%	23.0%	Apr. 2009
KOCREF No. 5		42.5%	28.9%	Sep. 2009

\*Calculated by averaging the yield of 5 liquidated REITs. For the yield of other AMC-managed REITs, the data was referred to disclosures and other materials.



## [Reference] REITs Market Trends

- Dramatic growth of assets held under REITs worth KRW 7 trillion in 2009** Establishment of CR REITs (a total of 17 in 2009) flourished amid active corporate restructuring after the global financial crisis, while the REITs market rapidly grew in 2009 as floating money in the market was concentrated in the indirect investment market in the course of the economic turnaround in 2009.

REITs assets in Korea grew approximately 11-fold over the past eight years as of the end of 2009 from KRW 622.5 billion in 2002. In particular, assets managed worth KRW 4,843.3 billion in 2008 increased to KRW 6,962.3 billion (excluding AMC's PFVs) by 43.8%, due in significant part to the government's active deregulations to stimulate the real estate indirect investment market allowing it to flourish.

## [Reference] REITs Market Share

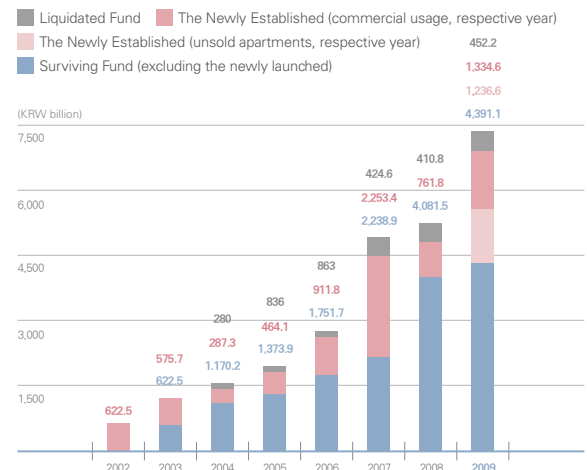
- Lower market share in REITs under management (35%)** Investor confidence towards commercial properties has recovered as the economy has turned around and government regulations have improved. As a result, in 2009 a total of 17 new REITs worth approximately KRW 2.6 trillion (KRW 1,334.6 billion excluding REITs for unsold apartments) were established. This has grown 3.4-fold in comparison with 2008 when the global financial crisis kicked off.

As the market flourished overall, the market share of REITs established by KORAMCO REITs & Trust dropped compared to that of last year, but the company still maintained to rank No. 1 in new fund establishment compared to its competitors.

- Total assets under management worth KRW 3,587.4 billion with a 54% market share** As REITs for unsold apartments worth KRW 1,236.6 billion were established in 2009, the total market size of REITs under management grew significantly to KRW 7,834.3 billion (including AMC's PFVs). Excluding REITs for unsold apartments, the market share of KORAMCO REITs & Trust REITs under management dropped 8%p from the previous year to 54%.

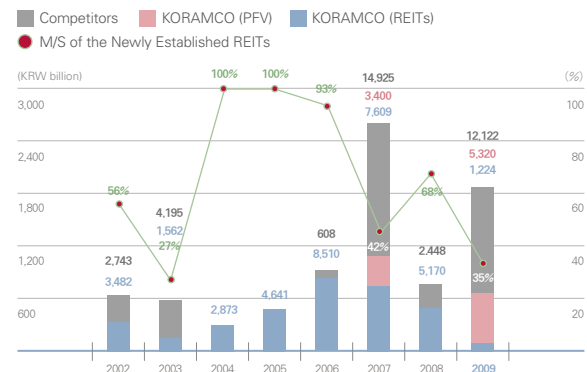
As the rapid growth momentum in the REITs market continued amid the massive influx of asset management companies in 2009, our market share dropped comparatively, but the accumulated funds under management expanded to KRW 3,587.4 billion driven by solid growth as in the 41% CAGR since 2002.

### REITs Assets



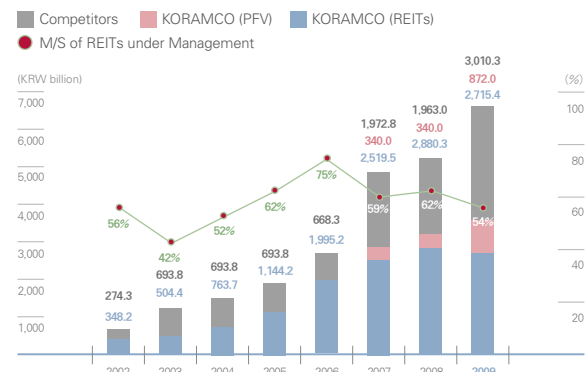
### Market Share of Annual Established REITs

(excluding unsold APT REITs/including AMC's PFV)



### Market Share of REITs Under Management

(excluding unsold APT REITs/including AMC's PFV)





## Featured Success Story



### 01 KOCREF AREIF No. 1 (Noon Square)

Successful launch as an international shopping mall after remodeling

#### Successful completion of a large-scale remodeling project

- After acquiring the building, we proceeded with remodeling design and gained approval/permits for the building's interior and exterior routes and facilities
- Successful execution of remodeling (obtained approval for use in March 2009)

Opened on August 27, 2009

#### Achieved 100% of the pre-rental rate before the opening

Realized new life style concept by attracting leaseholders from fashion and F&B industries

- Set specific targets through analysis of Myeongdong's market demographics
- Attracted competitive leaseholders that meet the new trend

#### Attracted competitive leaseholders with proven track record to secure profitability and stability

- Strengthened competitiveness by securing domestic flagship stores of market leading global SPA brands:  
H&M (Korea's first store) / ZARA/Mango
- Attracted major domestic leaseholders with proven competitiveness and stability:  
CGV (8-9F) / Youngpoong Bookstore (B2F)
- Attracted brands with proven track record in customer draw:  
Starbucks (4F) / Footlocker (4F) / Todai (7F)

### 02 KOCREF No. 14 (Times Square Tower)

Fostered the asset management capacity for a comprehensive development project and initially stabilized the fund through successful lease marketing

#### Successfully purchased large-scale office buildings in the core of the Yeongdeungpo commercial district

- Established KOCREF No. 14 in December, 2007 by purchasing two office buildings of approximately 39,008.1m<sup>2</sup> in Times Square, a COEX-type complex developed on 340,895.4m<sup>2</sup> Kyungbang Plant site next to Kyungbang Phill Department Store in Yeongdeungpo-gu and completed the ownership transfer in December, 2009. The buildings were acquired on condition of completing construction

#### Triggered the fostering of an asset management capacity for a comprehensive development project

- Secured independent management of each office by independently installing electricity/machinery infrastructure, considering not only the operation period but also the sales period
- Raised our lease competitiveness and leaseholder satisfaction with upgraded construction materials (eco-friendly foreign brand carpet tiles etc.) and construction to improve the lobby environment
- Established a stable operational environment as a multi-unit building by signing pre-sales agreements on rules for management of a unit owners' association (composition of the unit, parking lot/signage usage etc.)

#### Overcame the challenging lease market environment with target lease marketing strategies utilizing the features of Times Square

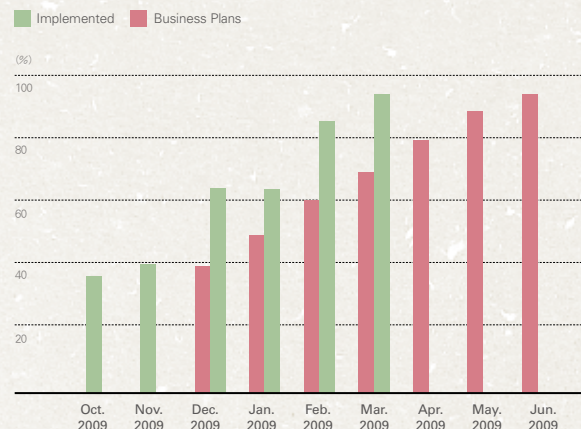
- Attracted the head office of a large company seeking office transfer for cost reduction by proposing sequential floors securing large areas in a new building and competitive lease fees as compared to those in other major districts

- Attracted Korea's top-tier outsourcing companies, appealing to them with a high exclusive usage rate (approximately 68%), mass transit convenience (Subway Line No. 1, 2 and 5) and convenient facilities in multi-unit buildings

- Attracted branches of local financial enterprises, taking full advantage of the high recognition level as a landmark building in the region

#### Stabilized the fund initially by achieving the target lease rate

- Exceeded the originally planned lease rate by inducing the residence of anchor tenants in October 2009 prior to transferring ownership through pre-sales ownership transfer, and expecting to achieve a lease rate of over 95% by March 2010, which is earlier than planned





## KOCREF: The Best REITs Brand of KORAMCO

### Portfolios of KOCREF Funds

KOCREF is the brand name of REITs established and managed by KORAMCO REITs & Trust. A total of 14 REITs were established with nine still in operation as of the end of March 2010. We also set up two PFVs, which invest in properties under construction.

Such risk factors as low returns, leaseholder default risk, and rapid depreciation are inherent in small properties, however KOCREF funds invest in large office buildings exceeding a certain size (average KRW 80~100 billion) and retail facilities with a master lease structure in key locations in Seoul to ensure profitability and stability.

### Portfolio Breakdown by Invested Properties

#### a. Office buildings 45.4%

KOCREF No. 1~5, 7~8, KOCREF NPS No. 1, KOCREF No. 15

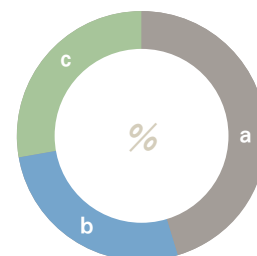
#### b. Retail facilities 27.0%

KOCREF No. 6, KOCREF NPS No. 2, KOCREF AREIF No. 1

#### c. Development projects 27.6%

KOCREF No. 11, Pangyo SD-2 PFV, KOCREF No. 14, KOCREF GS Square PFV

\* Based on Total Assets



### Portfolio Breakdown by Region

#### a. Seoul 59.7%

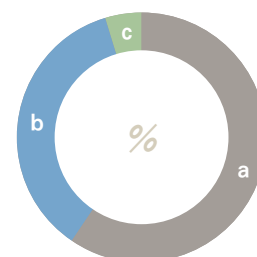
KOCREF No. 1~8, KOCREF NPS No. 1~2, KOCREF No. 11, KOCREF AREIF No. 1, KOCREF No. 14~15

#### b. Seoul surrounding areas 35.8%

4 outlets (KOCREF No. 6), Kolon Annex Building (KOCREF No. 7), Central Tower (KOCREF No. 8), 4 discount stores (KOCREF NPS No. 2), Pangyo SD-2 PFV, KOCREF GS Square PFV

#### c. Other regions 4.5%

4 discount stores (KOCREF NPS No. 2)



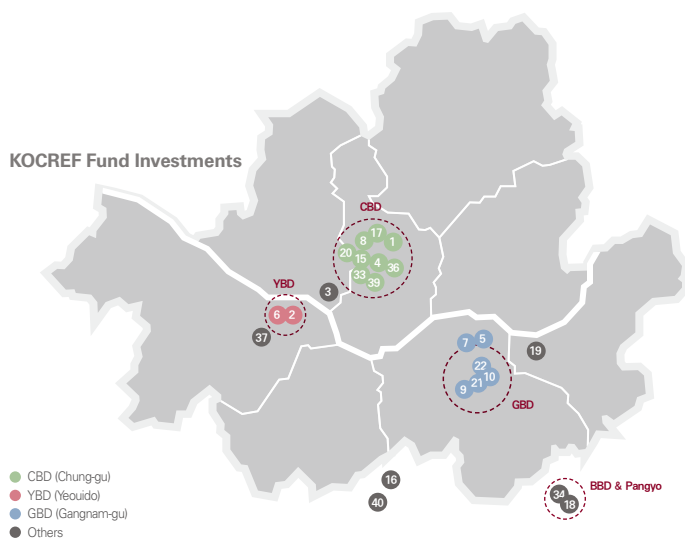
### Target Payout Ratio and Performance of KOCREF Funds

(Unit: KRW billion)

	Established Year	Amount Invested	Target Payout Ratio	Status	Note
KOCREF No. 1	2002	236.6	10.06%	Liquidation completed	Annual average payout ratio 43.5%, ROE 28.4%
KOCREF No. 2	2002	111.6	10.39%	Liquidation completed	Annual average payout ratio 12.1%, ROE 11.2%
KOCREF No. 3	2003	156.2	10.19%	Liquidation completed	Annual average payout ratio 51.3%, ROE 31.1%
KOCREF No. 4	2004	181.0	10.24%	Liquidation completed	Annual average payout ratio 31.4%, ROE 23.0%
KOCREF No. 5	2005	106.3	8.71%	Liquidation completed	Annual average payout ratio 42.5%, ROE 28.9%
KOCREF No. 6 (Preferred Stock)	2005	328.1	9.44%	10th term of operation	
KOCREF No. 6 (Common Stock)	2005		5.82%	10th term of operation	
KOCREF No. 7	2005	136.0	8.00%	9th term of operation	
KOCREF No. 8	2006	122.4	8.57%	8th term of operation	
KOCREF NPS No. 1	2006	817.8	7.99%	8th term of operation	
KOCREF NPS No. 2	2007	640.7	12.18%	7th term of operation	
KOCREF No. 11	2007	219.3	9.03%	7th term of operation	
Pangyo SD-2 PFV	2007	340.0	13.10%	4th term of operation	Under construction (pre-sales for some)
KOCREF AREIF No. 1	2007	213.5	10.90%	5th term of operation	Under lease after remodeling
KOCREF No. 14	2008	115.2	11.57%	5th term of operation	Under lease after construction completed
KOCREF No. 15	2009	122.4	14.23%	5th term of operation	Under lease (to be remodeled)
KOCREF GS Square PFV	2009	532.0	10.47%	1st term of operation	Under construction
<b>Total</b>		<b>4,379.1</b>			

- KOCREF No. 4 & 5 were liquidated in 2009, maximizing the shareholder yield by realizing the most competitive sales price in the period.

\* As of March, 2010



Fund Name	No	Investments	Type	Location	Total Floor Area(㎡)
KOCREF No. 1	1	● Hanwha Jangkyo Building	Office	CBD	79,049
	2	● Daehan Building	Office	YBD	14,622
	3	● Dae-A Building	Office	Mapo	14,014
KOCREF No. 2	4	● Myeongdong Tower	Office	CBD	27,823
	5	● Trees Tower	Office	GBD	12,923
KOCREF No. 3	6	● Hanwha Securities Building	Office	YBD	59,641
	7	● I-will Hill Town	Office	GBD	5,013
KOCREF No. 4	8	● YTN Tower	Office	CBD	42,322
	9	● Platinum Tower	Office	GBD	26,007
KOCREF No. 5	10	● Dacom Building	Office	GBD	34,461
KOCREF No. 6	11	4 Newcore outlet stores	Outlet	Seoul metropolitan area	263,130
KOCREF No. 7	15	● DSME Building	Office	CBD	24,854
	16	● Kolon Annes Building	Office	Gwacheon	26,861
KOCREF No. 8	17	● G Tower	Office	CBD	16,473
	18	● Central Tower	Office	BBD	23,831
KOCREF NPS No. 1	19	● Sigma Tower	Office	Songpa	27,814
	20	● Seoul City Tower	Office	CBD	60,017
	21	● Grace Tower	Office	GBD	24,530
	22	● Golden Tower	Office	GBD	40,480
KOCREF NPS No. 2	23	10 Homeplus discount stores	Discount store	Nationwide	473,447
KOCREF 11	33	● STX Namsan Tower	Office	CBD	67,324
Pangyo SD-2 PFV	34	● H Square A&B wings	Office	Pangyo	138,778
KOCREF AREIF No. 1	36	● Noon Square	Retail	CBD	23,641
KOCREF No. 14	37	● Time Square A&B wings	Office	Yeongdeungpo	39,665
KOCREF No. 15	39	● Insong Building	Office	CBD	31,281
KOCREF GS Square PFV	40	● GS Retail Complex Development Business	Retail+Office	Pyeongchon	236,688
<b>Total</b>	<b>40</b>				<b>1,834,689</b>

– For stable profit, KOCREF funds invest mostly in key locations in Seoul. They also invest in other regions for portfolio diversification.

## MANAGEMENT PLANS FOR 2010

### Establishing New REITs worth KRW 800 Billion

We set a new REIT establishment target of KRW 800 billion.

To achieve this target, we plan to make selective investments in the existing lease market centered on stable investments of core or core plus while carrying out value-generating projects such as development projects and remodeling to seek a higher yield. We also plan to expand our portfolio by continuing to develop new products based on our differentiated competitiveness.

### Dramatically Increasing Our Financing Capacity

Our investment target groups will diversify to include securities firms, PB business units in banks, general corporations with a demand for new offices and those with adequate cash holdings and overseas investors rather than relying solely on existing institutional investors.

Moreover, we will establish a project-specific standby financing system through close ties with each investor by forming product-specific investor groups.

In a bid to diversify investment sources, we will decide on whether or not to establish blind funds and the related timing by closely watching the international financial market trends following thorough market studies and preparation.

### Diversifying Our Core Capacity in Asset Management with Project Management

Leveraging our experiences in development projects, we will differentiate our core competency in asset management by establishing our competency in project management in order to expand the volume of value-generating projects.

We also plan to raise the ROE by actively engaging in the attraction of leaseholders in addition to utilizing related agencies to enhance our capacity for attracting leaseholders.

We intend to build user satisfaction and promote a pleasant building usage experience for tenants by developing and applying key management indicators to achieve our REIT targets. In so doing, we will maximize the fund yield through the attraction of new high-yield leaseholders and enhance the contract renewal rate.

### Tapping into New Businesses and Developing New Products

In 2010, we will do our utmost to develop a new business structure by seeking overseas business opportunities while actively launching new products including logistical facilities and serviced residences in a bid to diversify investments.

# Trust Business

OUR BUSINESSES

31

Growing at a remarkable pace since our launch four years ago, with entrusted assets exceeding KRW 11 trillion and 10% of market share as of the end of 2009, a company might become complacent with its success. Nevertheless, we will double our efforts for sustainable growth and higher profitability with differentiated products and services, and development of new business.



## 2009 PERFORMANCE

### Achieving the Largest Volume since Our Entry into the Trust Business

In 2009, our newly entrusted assets were worth KRW 21.1 billion, enabling us to solidify our presence as a leading trust company with the highest record (10.2% market share in terms of newly entrusted assets) since our entry into the trust business in March 2006.

We achieved a record of no failing trust businesses, unlike some early and late entrants in the trust business, thanks to our thorough business analysis and careful risk management.

As of the end of 2009, our entrusted assets continue to grow, standing at KRW 11.88 trillion. We introduced sales management trusts in 2007 and land development trusts in 2008, and expanded into management-type land development trusts in 2009.

### Foundation of Land Development Trust and Search for New Businesses

#### Registered as a rebuilding project consulting management company

– Completed registration as a rebuilding project consulting management company to seek ways to take part in rebuilding/reconstruction projects in the Seoul metropolitan area as a consulting firm, and acquired a credit rating of A+ from the Korea Housing Guarantee.

#### New Contract Volume in 2009

(Unit: KRW million, %)

Category	2008		2009		Change(%)
	Amount	% of Total	Amount	% of Total	
Land Development Trust	1,300	15.5	9,280	44.1	613.9%
Management Trust	121	1.4	45	0.2	-62.9%
Disposal Trust	1,267	15.2	455	2.2	-64.1%
Collateral Trust	3,433	41.1	5,077	24.1	47.9%
Sales Management Trust	1,320	15.8	1,254	6.0	-0.5%
Project Management Service	910	10.9	4,955	23.5	444.5%
Others	9	0.1	-	-	
<b>Total</b>	<b>8,316</b>	<b>100</b>	<b>21,066</b>	<b>100</b>	<b>151.9%—</b>

– New contract volume in 2009 increased by 152% compared to the previous year. Increases in the land development trust volume enabled a balanced portfolio between land development trust and non-land trust, which would contribute to stable profit making.





### Established a risk management system

- Strengthened our legal risk check-out system on a regular basis by recruiting an in-house lawyer.
- Constantly improved internal regulations for real estate development including land development trusts to enable systematic risk management.
- Assessed risks of new projects: Before deciding on a new project, the Trust Review Committee examines the related risks (risks regarding lotting-out, construction, trustor, grievances, etc.). Thorough checks are also conducted on a project's viability, contract terms, trust structure and other relevant matters.

### Strengthened our sales workforce

- Strengthened our sales competency by recruiting a new sales workforce to achieve continued sales momentum.

### Minimizing Insolvency via Tight Control of Trust Assets

We scrutinize our trust assets management status through regular trust asset monitoring, and prevent any performance failures by identifying the possibilities of trust asset loss and risks. We, therefore, implement meticulous control to enhance returns for trustors and beneficiaries and realize customer satisfaction.

### Increase in Operating Revenue from Land Development Trust, Collateral Trust and Sales Management Trust

Our land development trust business realized gains with increases in new contracts in 2009 since the first contract in 2008. The gains are expected to be stable in 2010 as businesses under such contracts will be preceded.

In collateral trusts, gains were up by 83% from the previous year thanks to dramatic increases in new contracts compared to those in 2008.

In sales management trusts, operating revenue increased by 21% from the previous year by realizing gains on new contracts of four properties as well as on existing contracts of 10 properties.

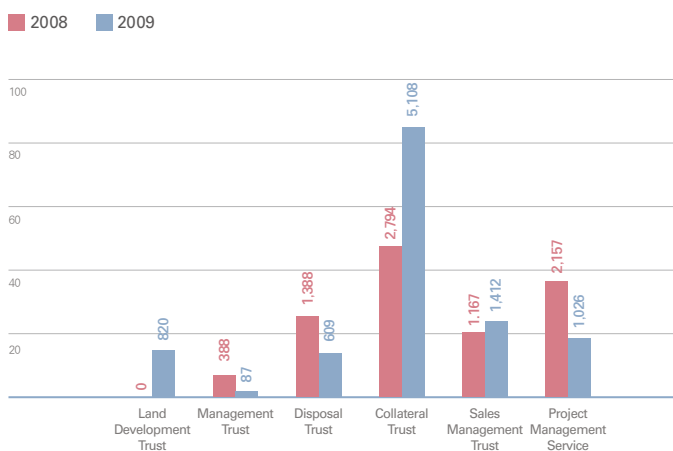
### Decrease in Gains from Management & Disposal Trusts and Project Management Service

Compared to the previous year, operating revenue dropped from management trusts and disposal trusts due to reduction in new contracts.

In project management service, the number of new contracts increased by four from the previous year, yet operating revenue dropped by 52% from the previous year due to delays in the operation of existing and new contracts.

### Operating Income in 2009

(Unit: KRW million)



(Unit: KRW million, %)

Category	2008		2009		Change(%)
	Amount	% of Total	Amount	% of Total	
Land Development Trust	-	-	820	9.0	
Management Trust	388	4.9	87	1.0	-77.6%
Disposal Trust	1,388	17.6	609	6.7	-56.1%
Collateral Trust	2,794	35.3	5,108	56.4	82.8%
Sales Management Trust	1,167	14.8	1,412	15.6	21.0%
Project Management Service	2,157	27.3	1,026	11.3	-52.4%
Others	9	0.1	-	-	
<b>Total</b>	<b>7,903</b>	<b>100</b>	<b>9,063</b>	<b>100</b>	<b>14.7%</b>

## MANAGEMENT PLANS FOR 2010

### A New Contract Target of KRW 22 Billion and Sales Revenue of KRW 14.1 Billion

We are committed to solidifying our presence in the real estate trust industry with revenue of KRW 14.1 billion, up 55.6% from the previous year while maintaining contracts worth KRW 22 billion and a market share of over 10%.

To this end, we will maintain the portion of our land development trust business at over 40%, while striving to promote our differentiated management capacity in other types of trusts.

In detail, we will promote growth in properties backed by project financing to increase overall order volume in the sluggish real estate development market. Our marketing activities will focus on balanced contract orders in land development trust, sales management trust, project management service and collateral trust. And as part of our differentiation strategy, we will concentrate on developing new products and creating new projects.

### Constantly Improving the Risk Management System

We created the Trust Review Committee to identify and reduce risks related to managing new contracts and existing projects in the trust business. We will continue to revise related internal regulations to swiftly respond to changing market conditions while enabling prudent deliberation and decision-making.

When pursuing equity investment of our own accounts or acquiring borrowings above a certain level, the Risk Management Committee examines the anticipated impact on the company's financial conditions.

### Boosting Growth and Returns through a Differentiated Strategy

We will continue to explore new revenue sources and raise profitability by developing commercial complexes based on a land development trust scheme instead of the general development business model.

In the past, property development projects have often run into difficulty due to the small size of developers, excessive debt guarantees of contractors, and the lack of lending institutions ability to adjust projects. That, in turn, spelled problems of profitability deterioration for market participants. Harnessing our expertise in real estate development, we will enhance transparency through the trust framework. At the same time, we will establish our business structure as a financial institution and exercise our ability in project adjustment to promote stability and the growth of the overall trust market.



# OUR VALUES

Creating Values for All

“ One of our core values is to fulfill our social responsibilities. In the belief that the existence of a company becomes meaningful when it acts as a genuine corporate citizen that grows with the trust of society and the love of its clients, we have undertaken a steady stream of social contribution activities. ”

You-Hee Park  
Staff,  
Trust Business Group

Yoonhwado (Paintings of Lotus) Birds fly around a bloom of lotus, symbolic of happiness, life and prosperity, to represent our core value of co-prosperity with others.



# HR Management

35

Our talented workforce, inspired with professionalism and personality, is our greatest asset, having made our remarkable performance thus far possible. As such, we implement various programs to nurture our personnel, believing that talent management is the one and only way to ensure that we grow into a world-class real estate financial institution.

## Growth in Tandem with a Talented Workforce

At KORAMCO REITs & Trust, our second-to-none, experienced professionals are dedicated to creating value for customers. Their experience in establishment of REITs and asset management, real estate development, investment advisory service, real estate trust and project management service contribute directly to our continuing success. Therefore, we are sparing no effort to recruit and foster professionals in the belief that talent management is a prerequisite for sustainable growth and the best investment for a brighter future. We will also put in place more focused programs for human resource development to grow hand-in-hand with our executives and employees.

## Overhaul of Personnel System

Recognizing the need to complement and improve our management infrastructure due to our significant growth, we overhauled the organizational structure and the personnel management & evaluation system based on the consultation and diagnosis from an outside consultancy in 2008. After the adoption of the Key Performance Indicator (KPI) system for fair performance measurement and evaluation of organizations and individuals took hold, we established KPIs for each business unit, team, and individual, based on which executives and employees are evaluated. In 2010, we plan to upgrade promotion and incentive systems as part of our effort to rationalize the personnel and compensation systems.

## Diverse Training Systems

At KORAMCO REITs & Trust, learning opportunities are always wide-open including the two-level, credit-based learning system, with a professional level for nurturing professional capabilities and a general level to teach basic business knowledge; the monthly breakfast seminar in which renowned individuals are invited to give lectures on such areas as economy, business, culture and history; and the scholarship program for graduate students. In 2010, we plan to upgrade our training system established in the previous year, to enable individuals to make their own self-development plan and to provide group-training courses to strengthen such capabilities required to perform assigned duties as well as professional license courses.



# Social Responsibility

36

Extending a helping hand to our neighbors in need is part of who we are as corporate citizens. With financing from employee donation and the company's matching-fund, we plan to expand our aid to rural areas and talented students from low-income families. Moreover, we will create more opportunities for our personnel to participate in volunteer activities.

## Practicing Social Responsibility

As a company that fulfills its social responsibilities, KORAMCO REITs & Trust has been engaged in social contribution activities since 2007.

Our budget for social contribution activities comes from a source allocated for the very purpose in addition to 1% of the wage of all employees and executives at KORAMCO REITs & Trust. We expended a total of KRW 170 million for social contribution activities in 2009.

Our charity budget for 2010 increased approximately 30% to KRW 220 million from the previous year so that we could gradually expand our outreach in the HR fostering sector, that is, extension of scholarships to the underprivileged in the non-metropolitan regions and the talented workforce from low-income families. Moreover, we plan to broaden our outreach scope from the existing donation-oriented activities to encourage our personnel to volunteer for the needy.

## CSR Highlights

KORAMCO REITs & Trust's social contribution activities are classified into four categories. The following is an explanation of our programs in each of the categories.

**Reaching out to people in need** We carry out a wide range of activities to help the underprivileged in society by donating to social welfare funds, sponsoring minors who head their households, supporting child welfare facilities and welfare facilities for the disabled, and supporting elderly people living alone as well as immigrant workers. In 2009, we donated a total of KRW 95 million to different facilities including an orphanage in the Eunpyeong-gu district of Seoul, Hansarang Infant Shelter and the Raphael Clinic.

**Educational and academic support** We have introduced various programs to extend educational and academic assistance. In 2009, we provided KRW 28 million, which went toward scholarships, building facilities for primary schools, and support for the interpretation service for college textbooks as well as a center dedicated to research on Korean traditions and culture affiliated with Korea University.

**Public welfare** We sponsor various activities to show our support for Korea's military servicemen and US soldiers stationed in Korea. A total of KRW 45 million was extended for activities organized for the benefit of military personnel in 2009.

**Employee volunteering** Employee volunteer activities include visits to orphanages and senior welfare centers as well as building homes for Habitat for Humanity. We visited social service organizations and participated in building homes for homeless people in 2009.





- Donation of Ambulances to Hansarang Infant Shelter (Dec. 2009)
- Voluntary Work for "Habitat for Humanity" (Oct. 2009)





Management's Discussion and Analysis **39**

Independent Auditor's Report **42**

Financial Statements **43**

# Management's Discussion & Analysis

## Financial Conditions

In 2009, total assets (own accounts) posted KRW 86.6 billion, up 9.4% from the previous year, while liabilities dropped 36.1% to KRW 11.4 billion.

Meanwhile, increases in trust business reserves and unappropriated retained earnings significantly raised the total shareholders' equity standing to KRW 75.2 billion, up 22.6% from a year earlier.

The current capital stock as of the end of 2009 amounts to KRW 10 billion.

(Unit: KRW million)

Summary of Statements of Financial Position: Own Accounts			
	2008	2009	Change
Current assets	64,308	67,401	4.8%
Quick assets	64,308	67,401	4.8%
Non-current assets	14,919	19,235	28.9%
Investment assets	3,379	8,599	154.5%
Property, plant and equipment	1,401	1,149	-18.0%
Intangible assets	964	861	-10.7%
Other non-current assets	9,175	8,625	-6.0%
<b>Total assets</b>	<b>79,227</b>	<b>86,636</b>	<b>9.4%</b>
Current liabilities	17,552	10,949	-37.6%
Non-current liabilities	320	480	50.0%
Total liabilities	17,873	11,429	-36.1%
Capital stock	10,000	10,000	0.0%
Capital surplus	703	703	0.0%
Accumulated other comprehensive income	37	298	705.4%
Retained earnings	50,614	64,206	26.9%
Total shareholders' equity	61,354	75,207	22.6%
<b>Total liabilities and shareholders' equity</b>	<b>79,227</b>	<b>86,636</b>	<b>9.4%</b>

As for trust accounts, current assets consist of cash and cash equivalents held and managed by the Trust Business Group, while fixed assets comprise real estate held in trust.

Current liabilities include advances related to lotting-out and other withholdings for the trust business, and the trust surplus is composed of retained earnings from the trust business.

Total assets in trust accounts increased 99.3% year-on-year to surpass KRW 12.0 trillion as of the end of 2009 while total liabilities recorded KRW 140.6 billion, up 116.8%.

(Unit: KRW million)

Summary of Statements of Financial Position: Trust Accounts			
	2008	2009	Change
Current assets	167,570	2,103,546	1,155.3%
Non-current assets	5,863,288	9,917,661	69.1%
Entrusted real estate	5,863,288	9,917,661	69.1%
<b>Total assets</b>	<b>6,030,858</b>	<b>12,021,207</b>	<b>99.3%</b>
Current liabilities	64,866	140,630	116.8%
Total liabilities	64,866	140,630	116.8%
Entrusted principal	5,965,896	11,880,471	99.1%
Trust surplus	96	107	11.5%
Total shareholders' equity	5,965,992	11,880,578	99.1%
<b>Total liabilities and shareholders' equity</b>	<b>6,030,858</b>	<b>12,021,207</b>	<b>99.3%</b>

### Sales and Income Status

Operating revenue posted KRW 42.2 billion, down 37.6% from KRW 67.6 billion in 2008. The drop in operating revenue was driven by lower reduced management fees compared to those of 2008 when the Company had a significant amount of management fees for Collective Investment Schemes (CIS) by selling and liquidating KOCREF No. 3.

Despite the 3.7% drop in operating expenses, operating profit was reduced yearon- year by 52.1% to KRW 22.6 billion mainly because of the sharp decrease in operating income.

Meanwhile, a drop in operating income lowered income taxes and net income by 57.7% and 51.5% to KRW 5.6 billion and KRW 16.6 billion, respectively, from the previous year.

(Unit: KRW million)

Summary of Statements of Income			
	2008	2009	Change
Operating revenue	67,592	42,185	-37.6%
Operating expenses	20,313	19,558	-3.7%
Operating income	47,279	22,627	-52.1%
Non-operating income	13	38	192.3%
Non-operating expenses	174	504	189.7%
Income before income taxes	47,118	22,161	-53.0%
Income taxes	13,157	5,569	-57.7%
Net income	33,961	16,592	-51.1%



(Unit: KRW million)

	2008	2009	Change	
Revenue	Operating revenue	65,555	39,140	-40.3%
	Asset management revenue	57,652	30,077	-47.8%
	[Management fees]	10,886	9,860	-9.4%
	[Acquisition fees]	2,171	3,317	52.8%
	[Disposal fees]	44,595	16,900	-62.1%
	Revenue from trusts	7,903	9,063	14.7%
	[Land development trust fees]	-	820	
	[Management trust fees]	510	1,500	194.1%
	[Disposal trust fees]	1,388	609	-56.1%
	[Collateral trust fees]	2,794	5,108	82.8%
	[Project management service fees]	3,211	1,026	-68.0%
	Other income	2,037	3,045	49.6%
	[Interest income]	1,866	2,839	52.1%
	[Other operating income]	171	206	20.5%
	Non-operating income	13	38	192.3%
	Total income	67,605	42,223	-37.5%
Expenses	Operating expenses	20,313	19,558	-3.7%
	Non-operating expenses	174	504	189.7%
	Income taxes	13,157	5,569	-57.7%
	Total expenses	33,644	25,631	-23.9%
Net income	33,961	16,592	-51.1%	

## Dividend Policy

We distributed per share dividend of KRW 1,500 (dividend ratio of 30%) in 2009 with the total dividend of KRW 3 billion. By allocating appropriations of retained earnings at KRW 4.7 billion, down 52.4% from a year earlier, we secured retained earnings over the subsequent year. This enabled us to raise financial stability and secure funds for investment.

(Unit: KRW million)

Statements of Appropriations of Retained Earnings			
	2008	2009	Change
Unappropriated retained earnings	46,107	52,906	14.7%
Retained earnings carried over from the prior year	12,145	36,314	199.0%
Net income	33,961	16,592	-51.2%
Appropriated retained earnings	9,792	4,659	-52.4%
Legal reserve	3,396	-	
Reserves for trusts	3,396	1,659	-51.1%
Dividends	3,000	3,000	0%
Retained earnings carried over to the subsequent year	36,314	48,247	32.9%

# Independent Auditor's Report

**To the Board of Directors and Shareholders of  
KORAMCO REITs Management and Trust Co., Ltd.**

We have audited the accompanying balance sheets of KORAMCO REITs Management and Trust Co., Ltd. (the "Company") as of December 31, 2009, and the related statements of income, appropriations of retained earnings, changes in shareholders' equity and cash flows for the years then ended, expressed in Korean won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The consolidated financial statements that are closed on December 31, 2008 were audited by Samil Accounting Corporation whose appropriate opinion was expressed in the Report of Independent Auditors of February 17, 2009.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KORAMCO REITs Management and Trust Co., Ltd. as of December 31, 2009, and the results of its operations, the changes in its retained earnings, the changes in its shareholder's equity and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the Republic of Korea.

Ernst & Young  
Seoul, Korea  
Feb. 16, 2010

This report is effective on the audit report date (as of February 16, 2010). Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

# Statements of Financial Position

As of December 31, 2009 and 2008

(Unit: KRW)

	2009	2008
<b>Assets</b>		
I. Cash and Deposits	58,532,007,147	55,048,366,262
1. Cash and Cash Equivalents	16,529,007,147	1,445,366,262
2. Deposits	42,003,000,000	53,603,000,000
II. Securities	7,267,658,495	3,382,407,938
1. Securities Available for Sale	6,307,029,700	2,440,000,000
2. Securities Held to Maturity	960,628,795	942,407,938
III. Loans Sold	2,781,224,000	965,597,750
1. Loans	1,430,000,000	-
2. Employee Loans	1,365,200,000	970,450,000
3. Allowance for Doubtful Accounts	(13,976,000)	(4,852,250)
IV. Tangible Assets	1,149,386,712	1,400,925,479
1. Vehicles	178,936,747	308,788,479
Accumulated Depreciation	(107,362,053)	(137,846,201)
2. Other Tangible Assets	2,114,632,009	1,979,320,006
Accumulated Depreciation	(1,036,819,991)	(749,336,805)
V. Other Assets	16,905,681,517	18,429,608,479
1. Non-trade Receivables	8,068,363,582	9,119,396,848
1) Non-trade Receivables for Investment Company Management Fees	5,315,314,020	5,706,278,958
2) Non-trade Receivables for Trust Fees	2,750,069,562	3,314,226,590
3) Others	2,980,000	98,891,300
2. Accrued Revenues	765,527,259	1,060,597,525
3. Advance Payments	133,000,000	116,604,819
4. Prepaid Expenses	17,937,467	82,389,147
5. Miscellaneous Prepaid Taxes	-	182,403,327
6. Deposits Provided	1,317,074,770	1,264,280,400
7. Other Intangible Assets	861,345,028	964,167,709
8. Deferred Income Tax Assets	18,130,670	65,129,488
9. Other Investment Assets	7,290,052,041	6,903,088,059
10. Allowance for Doubtful Accounts	(1,565,749,300)	(1,328,448,843)
1) Allowance for Doubtful Accounts for Non-trade Receivables	(1,565,749,300)	(1,328,448,843)
Total Assets	86,635,957,871	79,226,905,908



(Unit: KRW)

	2009	2008
<b>Liabilities</b>		
I. Other Liabilities	11,428,864,467	17,872,502,811
1. Provision for Severance Benefits	1,449,794,860	1,125,806,300
Retirement Deposits	(1,438,007,779)	(1,113,418,001)
2. Provision for Trust Risk	468,520,123	307,793,135
3. Income Taxes Payable	2,276,542,684	11,083,566,356
4. Non-trade Payables	-	96,891,300
5. Accrued Expenses	3,125,595,407	3,210,415,589
6. Advances from Customers	4,797,357,826	2,962,318,584
7. Taxes Withheld	749,061,346	199,129,548
Total Liabilities	11,428,864,467	17,872,502,811
<b>Stockholders' Equity</b>		
I. Capital Stock	10,000,000,000	10,000,000,000
1. Common Stock	10,000,000,000	10,000,000,000
II. Capital Surplus	702,663,200	702,663,200
1. Paid-in Capital in excess of Par Value	702,663,200	702,663,200
III. Accumulated Other Comprehensive Income	298,348,800	37,440,000
1. Gain on Valuation of Available-for-Sale Securities	298,348,800	37,440,000
IV. Retained Earnings	64,206,081,404	50,614,299,897
1. Legal Reserve	5,684,098,734	2,287,948,919
2. Trust Business Reserve	5,615,698,733	2,219,548,918
3. Unappropriated Retained Earnings	52,906,283,937	46,106,802,060
Total Stockholders' Equity	75,207,093,404	61,354,403,097
Total Liabilities and Stockholders' Equity	86,635,957,871	79,226,905,908

# Statements of Income

As of December 31, 2009 and 2008

(Unit: KRW)

	2009	2008
I. Operating Revenue	42,185,254,220	67,592,061,293
1. Management Fees from Collective Investment Agencies	30,077,345,976	57,652,481,168
1) Management Fees from Investment Company Management	30,077,345,976	57,652,481,168
2. Trust Revenues	8,036,349,429	5,736,573,422
1) Land Development Trust	820,215,000	-
2) Management Trust	86,641,668	387,670,834
3) Disposal Trust	608,951,523	1,387,911,573
4) Collateral Trust	5,108,312,365	2,794,310,215
5) Sales Management	1,412,228,873	1,166,680,800
3. Administrative Service Fees	1,026,284,856	2,166,375,395
4. Interest Income	2,839,048,881	1,865,766,330
5. Other Operating Revenue	206,225,078	170,864,978
1) Dividend Income	189,585,576	170,864,978
2) Reversal of Allowance for Doubtful Accounts	16,639,502	-
II. Operating Expenses	19,558,364,050	20,313,154,219
1. Interest Expenses	27,714,079	355,984,010
2. Loan Valuation and Disposal Loss	8,629,293	1,652,250
1) Bad Debts Expenses	8,629,293	1,652,250
3. General & Administrative Expenses	19,106,859,274	18,569,077,823
1) Wages and Salaries	9,194,024,642	9,322,881,386
2) Provision for Severance Benefits	561,245,967	629,202,460
3) Employee Benefits	1,587,153,158	1,273,991,035
4) Computer System Operation Expenses	81,881,000	67,835,000
5) Rent	1,941,897,067	1,229,044,300
6) Service Fees	2,528,846,607	3,106,580,576
7) Entertainment Expenses	823,275,187	803,828,611
8) Advertizing Expenses	346,568,144	207,130,614
9) Depreciation	439,185,709	336,257,177
10) Training Fees	147,557,252	111,775,979

(Unit: KRW)

	2009	2008
11) Depreciation for Intangible Assets	170,594,681	51,002,227
12) Taxes and Dues	299,921,768	364,568,392
13) Meeting and Conference	4,485,725	68,493,014
14) Printing Expenses	68,608,159	78,819,373
15) Travel Expenses	91,309,308	157,844,796
16) Vehicle Expenses	402,068,694	333,827,463
17) Supplies Expenses	83,472,780	51,966,740
18) Utility Expenses	8,036,152	5,264,564
19) Insurance Premium	115,428,142	82,969,882
20) Event Expenses	83,471,051	173,757,618
21) Others	127,828,081	112,036,616
4. Other Operating Expenses	415,161,404	1,386,440,136
1) Contribution to Provision for Trust Risk	160,726,988	93,847,852
2) Other Bad Debt Expenses	254,434,416	1,292,592,284
III. Operating Income	22,626,890,170	47,278,907,074
IV. Non-operating Income	38,085,462	13,219,994
1. Gains on Disposition of Property, Plant, and Equipment	197,000	-
2. Gains on Disposition of Investments	-	3,713,458
3. Others	37,888,462	9,506,536
V. Non-operating Expenses	503,560,633	174,038,764
1. Losses on Disposition of Property, Plant, and Equipment	27,249,558	16,890,423
2. Donations	100,641,495	136,142,600
3. Losses on Contract Cancellation	84,000,000	18,461,538
4. Losses on Investment Asset Disposal	245,675,408	-
5. Others	45,994,172	2,544,203
VI. Income before Income Taxes	22,161,414,999	47,118,088,304
VII. Income Taxes	5,569,633,492	13,156,590,159
VIII. Net Income	16,591,781,507	33,961,498,145
IX. Net Income per Share		
1. Basic Earnings per Share	8,296	16,981



# Statements of Appropriations of Retained Earnings

For the years ended December 31, 2009 and 2008

(Dates of Appropriations: February 26, 2010 and April 27, 2009

for the years ended December 31, 2009 and 2008, respectively)

(Unit: KRW)

	2009	2008
I. Retained Earnings before Appropriations	52,906,283,937	46,106,802,060
1. Retained Earnings to be Carried over from Prior Year before Appropriations	36,314,502,430	12,145,303,915
2. Net Income	16,591,781,507	33,961,498,145
II. Appropriations of Retained Earnings	4,659,178,151	9,792,299,630
1. Legal Reserve	-	3,396,149,815
2. Reserves for Trusts	1,659,178,151	3,396,149,815
3. Dividends	3,000,000,000	3,000,000,000
A. Cash Dividends	3,000,000,000	3,000,000,000
(Dividends per Share (ratio))		
Current Period: KRW 1,500(30%)		
Previous Period: KRW 1,500(30%)		
III. Retained Earnings to be Carried over to Subsequent Year before Appropriations	48,247,105,786	36,314,502,430

# Statements of Changes in Shareholders' Equity

As of December 31, 2009 and 2008

(Unit: KRW)

	Capital Stock	Capital Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total
Jan 1, 2009 (Current period's beginning)	10,000,000,000	702,663,200	37,440,000	50,614,299,897	61,354,403,097
Dividends	-	-	-	(3,000,000,000)	(3,000,000,000)
Retained Earnings after Appropriations	-	-	-	47,614,299,897	58,354,403,097
Net Income	-	-	-	16,591,781,507	16,591,781,507
Gain on Valuation of Available-for-Sale Securities	-	-	260,908,800	-	260,908,800
Dec 31, 2009 (Current period's end)	10,000,000,000	702,663,200	298,348,800	64,206,081,404	75,207,093,404
Jan 1, 2008 (Previous period's beginning)	10,000,000,000	702,663,200	278,400,000	19,652,801,752	30,633,864,952
Dividends	-	-	-	(3,000,000,000)	(3,000,000,000)
Retained Earnings after Appropriations	-	-	-	16,652,801,752	27,633,864,952
Net Income	-	-	-	33,961,498,145	33,961,498,145
Gain on Valuation of Available-for-Sale Securities	-	-	(240,960,000)	-	(240,960,000)
Dec 31, 2008 (Previous period's end)	10,000,000,000	702,663,200	37,440,000	50,614,299,897	61,354,403,0

# Statements of Cash Flows

As of December 31, 2009 and 2008

(Unit: KRW)

	2009	2008
I. Cash Flows from Operating Activities	12,797,725,845	39,798,107,485
1. Net Income	16,591,781,507	33,961,498,145
2. Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by (used in)	1,867,742,020	2,421,444,673
A. Provision for Severance Benefits	561,245,967	629,202,460
B. Depreciation	439,185,709	336,257,177
C. Amortization	170,594,681	51,002,227
D. Bad Debt Expenses	8,629,293	1,292,592,284
E. Contribution to Provision for Trust Risk	160,726,988	93,847,852
F. Gains on Disposition of Property, Plant, and Equipment	27,249,558	16,890,423
G. Other Bad Debt Expenses	254,434,416	1,652,250
H. Losses on Disposition of Investment Assets	245,675,408	-
3. Deductions from Net Income of Non-cash Revenues	(35,057,359)	(21,020,211)
A. Interest Income	18,220,857	17,306,753
B. Reversal of Allowance for Doubtful Accounts	16,639,502	-
C. Gain on Valuation of Available- for-Sale Securities	-	3,713,458
D. Gains on Disposition of Tangible Assets	197,000	-
4. Changes in Operating Assets and Liabilities	(5,626,740,323)	3,436,184,878
A. Decrease in Non-trade Receivables (Increase)	1,051,033,266	(1,948,084,882)
B. Decrease in Accrued Revenues (Increase)	295,070,266	(610,455,115)
C. Decrease in Advance Payments (Increase)	(16,395,181)	516,865,107
D. Decrease in Prepaid Expenses (Increase)	64,451,680	(55,998,117)
E. Decrease in Miscellaneous Prepaid Taxes (Increase)	182,403,327	(182,403,327)
F. Increase in Deferred Income Tax Assets	(37,692,382)	(65,129,488)
G. Decrease in Non-trade Payables	(96,891,300)	-
H. Increase in Advances from Customers (Decrease)	1,835,039,242	(65,770,758)

(Unit: KRW)

	2009	2008
I. Increase in Withholdings (Decrease)	549,931,798	(279,445,308)
J. Decrease in Accrued Expenses	(84,820,182)	(744,632,719)
K. Increase in Income Taxes Payable (Decrease)	(8,807,023,672)	7,581,779,905
L. Decrease in Deferred Income Tax Liabilities	-	(93,726,259)
M. Payment of Severance Benefits	(237,257,407)	(319,857,080)
N. Increase in Retirement Deposits	(324,589,778)	(296,957,081)
II. Cash Flows from Investing Activities	5,285,915,040	(41,224,830,516)
1. Cash Inflows from Investing Activities	12,667,117,055	1,603,602,223
A. Decrease in Deposits	11,600,000,000	-
B. Decrease in Securities Held to Maturity	-	7,000,000
C. Decrease in Securities Available for Sale	190,000,000	1,561,713,458
D. Decrease in Other Investment Assets	850,000,000	-
E. Disposal of Vehicles	27,117,055	32,888,765
F. Disposal of Other Tangible Assets	-	2,000,000
2. Cash Outflows from Investing Activities	(7,381,202,015)	(42,828,432,739)
A. Increase in Deposits	-	38,603,000,000
B. Increase in Employee Loans	394,750,000	330,450,000
C. Increase in Loans	1,430,000,000	-
D. Acquisition of Securities Available for Sale	3,711,429,700	-
E. Increase in Securities Held to Maturity	-	29,561,400
F. Increase in Deposits Provided	52,794,370	602,874,400
G. Acquisition of Other Investment Assets	1,482,639,390	1,858,630,860
H. Acquisition of Other Tangible Assets	241,816,555	774,437,079
I. Acquisition of Other Intangible Assets	67,772,000	629,479,000
III. Cash Flows from Financing Activities	(3,000,000,000)	(10,000,000,000)
1. Cash Inflows from Financing Activities	18,000,000,000	55,000,000,000
A. Increase in Short-term Borrowings	18,000,000,000	55,000,000,000
2. Cash Outflows from Financing Activities	(21,000,000,000)	(65,000,000,000)
A. Decrease in Short-term Borrowings	18,000,000,000	62,000,000,000
B. Payment of Cash Dividends	3,000,000,000	3,000,000,000
IV. Net Increase in Cash and Cash Equivalents (Decrease) (I + II + III)	15,083,640,885	(11,426,723,031)
V. Cash and Cash Equivalents at Beginning of Year	1,445,366,262	12,872,089,293
VI. Cash and Cash Equivalents at End of Year	16,529,007,147	1,445,366,262



## CORPORATE HISTORY

50

2001

Establishment: Paid-in capital of KRW 7.0 billion  
Ministry of Construction and Transportation grants approval to operate as asset management company (AMC)

2002

Capital increase from KRW 7.0 billion to KRW 8.55 billion  
KOCREF No. 1 established  
KOCREF No. 2 established

2003

KOCREF No. 3 established

2004

KOCREF No. 4 established  
KOCREF No. 5 established

2005

KOCREF No. 6 established  
KOCREF No. 7 established

2006

Capital increase from KRW 8.55 billion to KRW 10.0 billion  
Relocated office from Yeouido to Yeoksam-dong  
Gained approval to carry out trust business  
Changed company name from KORAMCO Co., Ltd. to KORAMCO REITs Management & Trust Co., Ltd.  
Launched trust business  
KOCREF No. 8 established  
KOCREF NPS No. 1 established  
KOCREF NPS No. 2 established  
Entrusted trust assets worth KRW 2 trillion

2007

KOCREF No. 11 established  
KOCREF No. 1 and No. 2 liquidated  
Pangyo SD-2 PFV established  
KOCREF AREIF No. 1 established  
Entrusted trust assets worth KRW 4.976 trillion

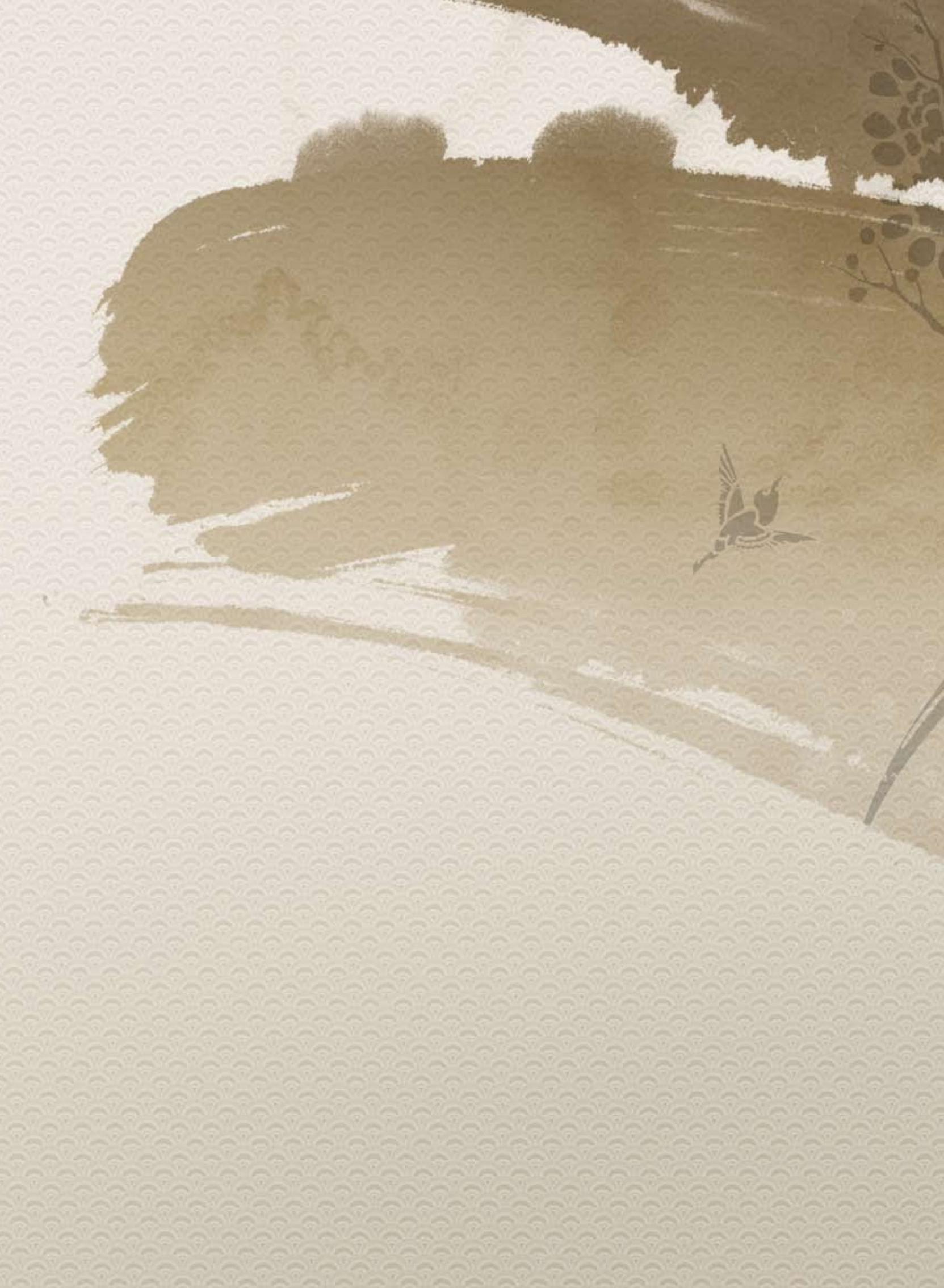
2008

KOCREF No. 14 established  
KOCREF No. 3 liquidated  
Entrusted trust assets worth KRW 6.308 trillion

2009

KOCREF No. 4 liquidated  
KOCREF No. 5 liquidated  
KOCREF No. 15 established  
KOCREF GS Square PFV established  
Entrusted trust assets surpassed KRW 11 trillion









## CORPORATE HISTORY

52

2001

Establishment: Paid-in capital of KRW 7.0 billion  
Ministry of Construction and Transportation grants approval to operate as asset management company (AMC)

2002

Capital increase from KRW 7.0 billion to KRW 8.55 billion  
KOCREF No. 1 established  
KOCREF No. 2 established

2003

KOCREF No. 3 established

2004

KOCREF No. 4 established  
KOCREF No. 5 established

2005

KOCREF No. 6 established  
KOCREF No. 7 established

2006

Capital increase from KRW 8.55 billion to KRW 10.0 billion  
Relocated office from Yeouido to Yeoksam-dong  
Gained approval to carry out trust business  
Changed company name from KORAMCO Co., Ltd. to KORAMCO REITs Management & Trust Co., Ltd.  
Launched trust business  
KOCREF No. 8 established  
KOCREF NPS No. 1 established  
KOCREF NPS No. 2 established  
Entrusted trust assets worth KRW 2 trillion

2007

KOCREF No. 11 established  
KOCREF No. 1 and No. 2 liquidated  
Pangyo SD-2 PFV established  
KOCREF AREIF No. 1 established  
Entrusted trust assets worth KRW 4.976 trillion

2008

KOCREF No. 14 established  
KOCREF No. 3 liquidated  
Entrusted trust assets worth KRW 6.308 trillion

2009

KOCREF No. 4 liquidated  
KOCREF No. 5 liquidated  
KOCREF No. 15 established  
KOCREF GS Square PFV established  
Entrusted trust assets surpassed KRW 11 trillion





Capital Tower 4F/14F

736-1 Yeoksam-dong, Gangnam-gu, Seoul 135-983, Korea

**Tel** +82-2-787-0000

**REITs Business** +82-2-787-0253

**Trust Business** +82-2-787-0207

**FAX** 82-2-2088-6622~3



[www.koramco.co.kr](http://www.koramco.co.kr)

