

KORAMCO

ANNUAL REPORT 2015

OPENING A NEW CHAPTER

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KORAMCO has made extensive efforts to create a new paradigm for the financing of real estate development and to cultivate a scientific-based and rational property investment culture through the integration of real estate and financial principles.

Based on its long list of noteworthy achievements, KORAMCO is opening a new chapter of its ongoing success story. With an emphasis on fundamentals, KORAMCO will scrutinize the relevant factors of its investment business and pursue the opportunities that offer the greatest potential for the sustainable growth of our company and stakeholders.

In this way, we are moving closer to realizing our vision of becoming a premier enterprise of real estate financing, in Korea and worldwide.

Looking ahead, KORAMCO will write a new story about its landmark success by overcoming even the most daunting market challenges.

This document contains forward-looking statements, such as the management strategies, goals, growth predictions, plans and intentions of KORAMCO REITs & Trust and KORAMCO Asset Management. These are based on KORAMCO's past achievements, current operations and future forecasts. Actual results could be materially different from the forward-looking statements, in view of various risks and uncertain factors. The financial performance of the Annual Report was filed up as of the end of 2015. The management and organization parts were identified as of February 28, 2016, due to the recent changes in the two areas.

KORAMCO Way



KORAMCO holds fast to its vision of becoming a “sustainable enterprise with an ideal workplace environment” and a “premier global enterprise for real estate financing.” We also maintain a long-term goal of becoming an investment bank that engages in the integration of asset management and investment businesses. This is the KORAMCO Way.

Core Values

Open Communication
The company assures clear communication between senior management and rank-and-file staff employees

Future Orientation
The company prepares for the future while diligently completing its current tasks

Preparation and Follow-up
The company emphasizes optimal business efficiency based on comprehensive preparation and follow-up measures

Competition and Cooperation
Management strives to maximize the company's potential through competition and cooperation

Social Responsibility
The company demonstrates its community-mindedness by fulfilling its corporate social responsibility

Long-term Plan

REITs
Accumulate managed assets of KRW 10 trillion by 2020, as a mid-term target

TRUST
Increase contract volume to KRW 100 billion by 2020

ASSET MANAGEMENT
Assets under management of KRW 5 trillion by 2020

Key Figures

Business Performance

REITs & TRUST	ASSET MANAGEMENT
Operating Revenue	Operating Revenue
KRW 68.7 billion	KRW 4.8 billion
Total Assets	Total Assets
KRW 220.6 billion	KRW 11.9 billion

Asset Under Management

Managed Assets of REITs (PFV included)	Managed Assets
KRW 5,752.7 billion	
Managed Assets of Trust	
KRW 8,373.2 billion	KRW 1,598.7 billion

Organization

[As of February 29, 2016]

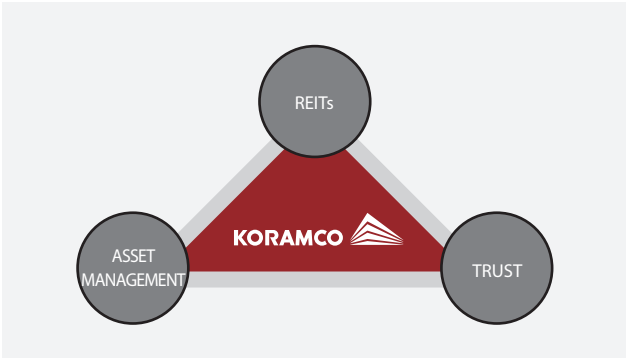
Organization	Organization
9 divisions, 30 teams, 1 office	3 divisions, 9 teams
No. of Employees	No. of Employees
164	32

2015 Review

REITs

Best Profit Results since 2008

As for our REIT business, operating revenue soared 47% in 2015, over the previous year, amounting to KRW 22.5 billion, the highest level since 2008. The company established two new REITs for the Hana Financial Investment building, a prime-class office building in Yeouido, Seoul, and two rental housing units. And we successfully completed KOCREF Gwanggyo, mixed-use complex development project. In addition, the company upgraded its asset values and well demonstrated the ability to provide customized services through the disposal of the NH Nonghyup Capital Building and the Grace Tower.

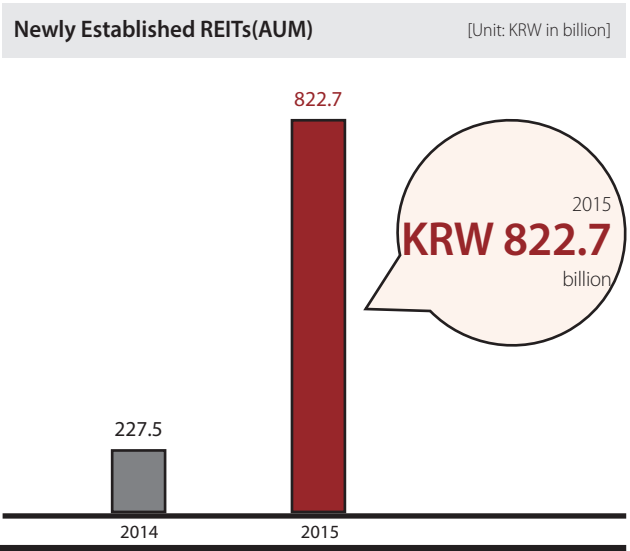


Foray into “Newsday” and Rental Housing REITs

Since 2014, KORAMCO has played a leading role in the rental housing market in support of the government's policy to stabilize the housing supply and to adapt to a new paradigm for the housing market. Thanks to our concerted efforts, the company launched KOCREF Housing No.1, a private rental housing REIT, and Dongtan 2 Daewoo KOCREF, a corporate-type rental housing REIT, in 2015.

Green Smart Building Index and Energy-efficient Projects

KORAMCO regularly assesses its asset values through the application of its Green Smart Building Index. The company seeks to upgrade the effectiveness of its asset management by aligning the related practices with its self-developed “Basic Asset Management Plan.” Moreover, KORAMCO installs high-efficiency facilities, while working continuously to reduce energy consumption and greenhouse gas emissions.



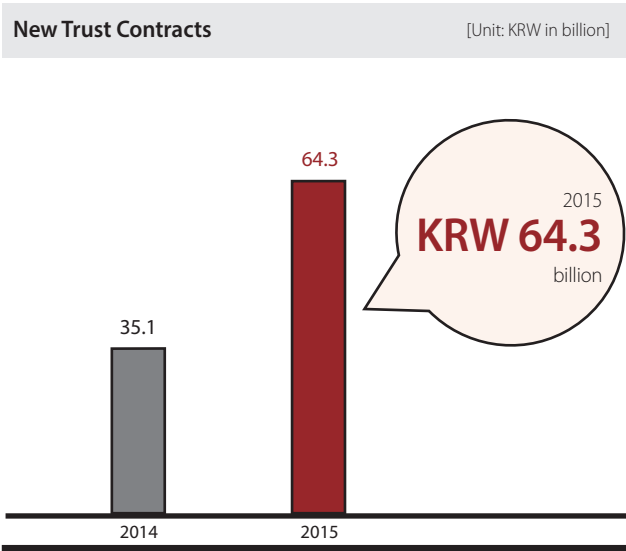
TRUST

Highest Amount of New Trust Contracts

In 2015, KORAMCO posted KRW 64.3 billion of new trust contracts and KRW 37.2 billion of operating income, the best-ever performance since its advance into the trust business. The results were especially impressive for Debt type land development trust and residential trusts, including apartments and residential-commercial complexes. Of note, there were no underperforming management projects in the land development trusts, which demonstrated our exceptional risk management capability. As of the 2015 year-end, KORAMCO had successfully completed 15 projects, while another 36 projects were in progress nationwide.

Urban Renewal Projects

In December 2015, KORAMCO participated in a housing reconstruction project in Hogue-dong, Anyang City, Gyeonggi-do, as a proxy, the first such involvement for a trust firm. Trust firms are now eligible to directly participate in urban renewal projects, as of March 2016, following the National Assembly's adoption of revisions to the urban renewal law. KORAMCO has created an Urban Renewal Project Division and Redevelopment Team for the purpose of actively participating in urban renewal projects.



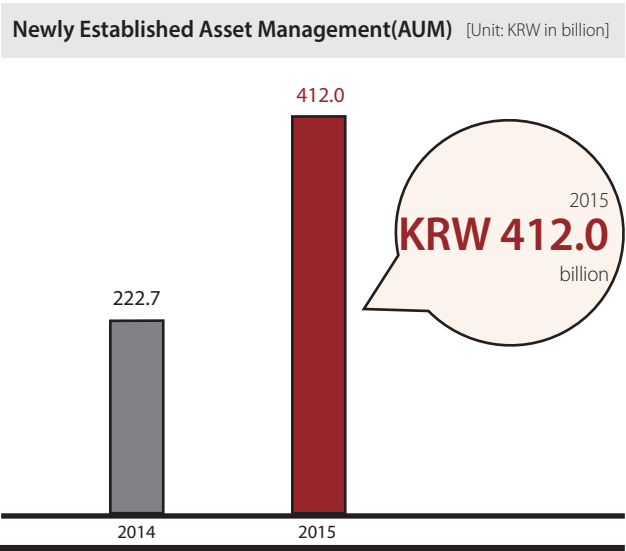
ASSET MANAGEMENT

Operating in the Black and Advance into Markets Overseas

In 2015, KORAMCO Asset Management managed a total of 26 funds, including nine newly established funds, while its operating income amounted to KRW 4.8 billion won. As a result, the company's operating results have now remained in the black for four consecutive years. Of particular note, the company set up three overseas funds, valued at KRW 258.2 billion, which were used for asset investments in the United States and Italy. Accordingly, KORAMCO has secured a beachhead for future advancement into the North American and European markets.

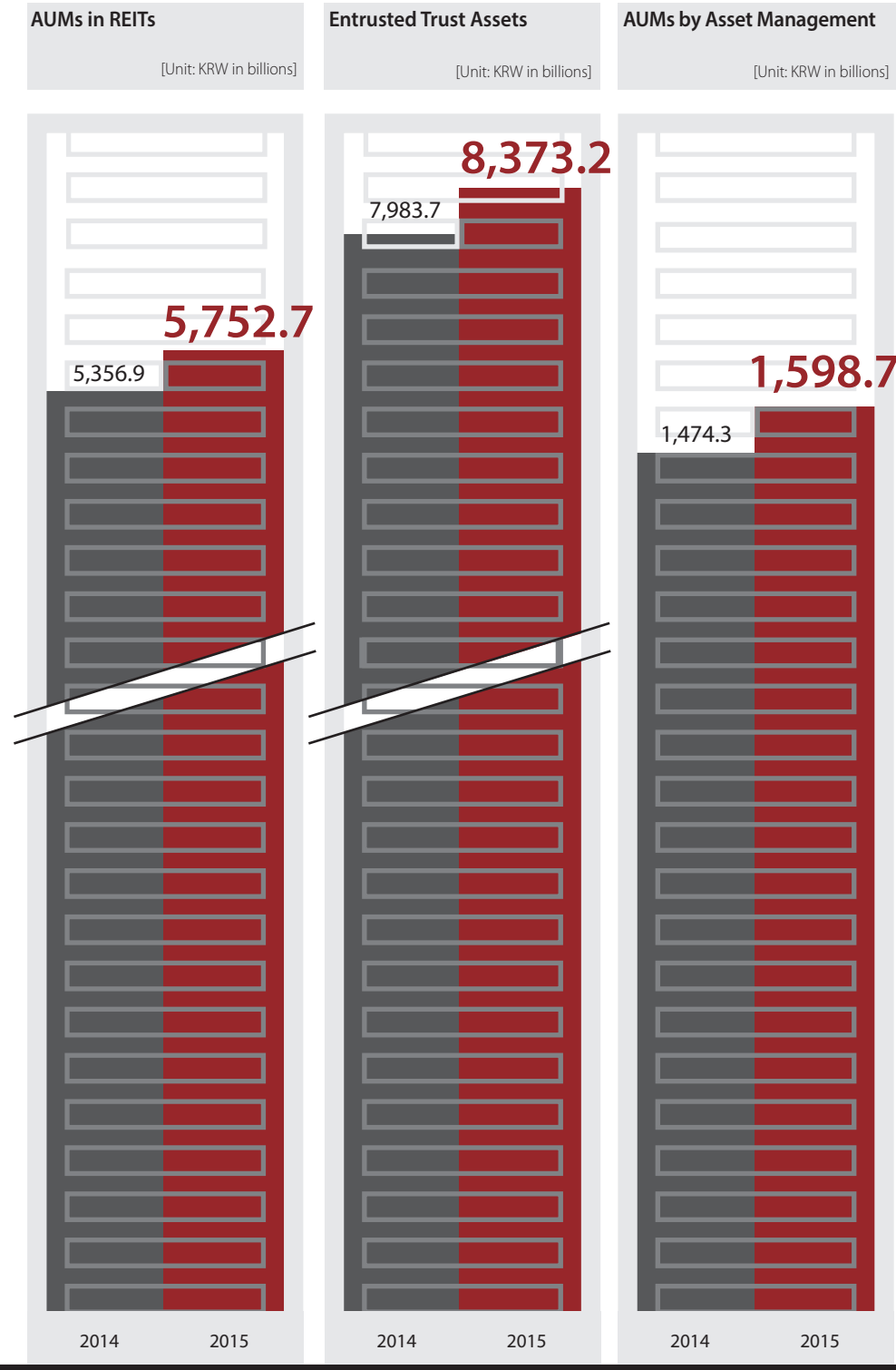
First “Blind Fund” Launched

KORAMCO Asset Management is actively pursuing the establishment of “blind funds,” as a new growth engine, because of their competitive advantages in raising funds and capitalizing on investment opportunities. The company is targeting the properties of businesses that are undergoing financial restructuring. The company also activated a specialized unit and upgraded the organization's internal processes in order to implement an innovative system for the blind fund operations. KORAMCO Asset Management recently established a real estate blind fund, valued at about KRW 10 billion, for individual investors. This marked the first such blind fund launched by a domestic asset management firm.



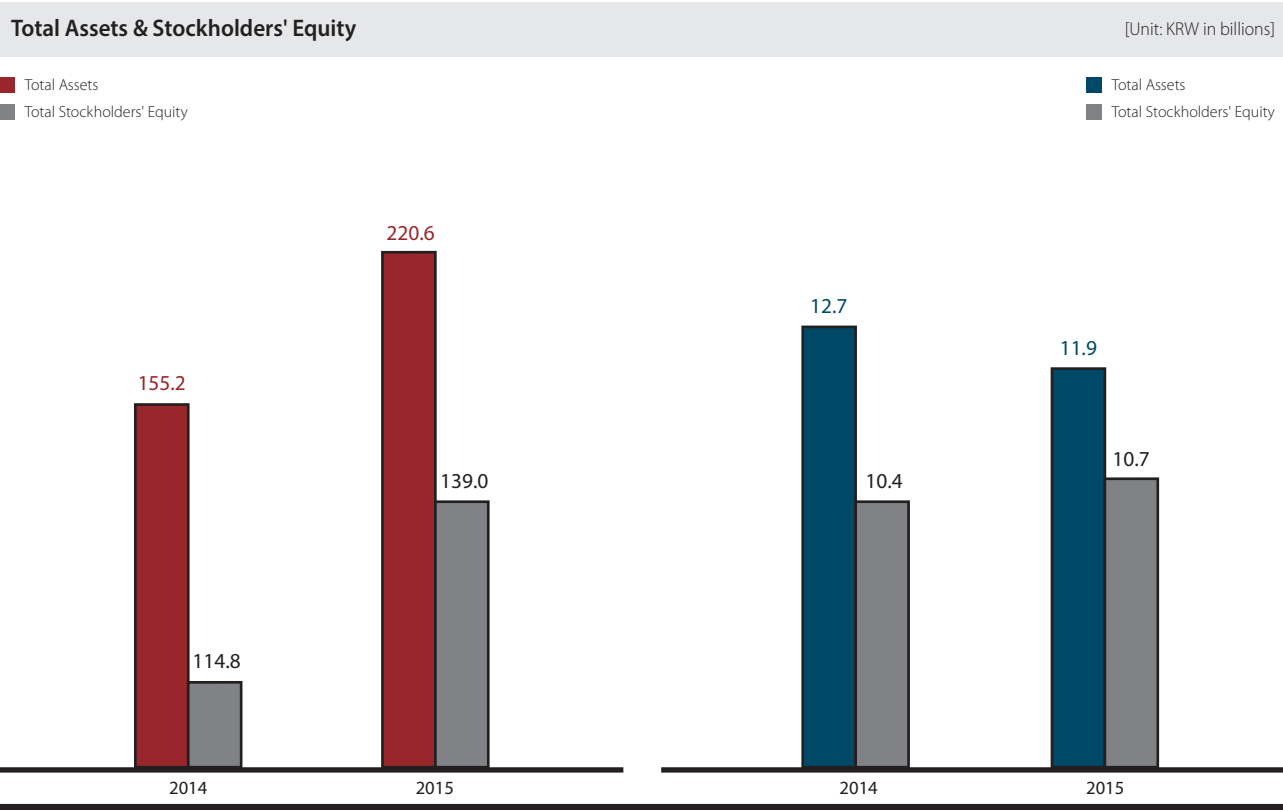
2015 Review

FINANCIAL PERFORMANCE



Statements of Income Summary KORAMCO REITs & Trust			
[Unit: KRW in millions, %]			
Account	2015	2014	YoY(%)
1. Operating Revenue	68,725	47,074	46.0
2. Operating Expense	31,996	29,242	9.4
3. Operating Income	36,729	17,832	106.0
4. Non-Operating Income	214	-	N/A
5. Non-Operating Expense	529	485	9.1
6. Earning before tax	36,413	17,347	109.9
7. Income Tax Expense	9,384	4,152	126.0
8. Net Income	27,028	13,195	104.8

Statements of Income Summary KORAMCO Asset Management			
[Unit: KRW in millions, %]			
Account	2015	2014	YoY(%)
1. Operating Revenue	4,839	6,117	-20.9
2. Operating Expense	4,391	4,596	-4.5
3. Operating Income	448	1,521	-70.6
4. Non-Operating Income	-	30	-99.8
5. Non-Operating Expense	46	-	N/A
6. Earning before tax	402	1,551	-74.1
7. Income Tax Expense	117	241	-51.4
8. Net Income	284	1,310	-78.3



CORPORATE OVERVIEW

01

PROGRESSIVE AND PRUDENT

KORAMCO is endowed with the cutting-edge expertise to accurately assess complex trends of the real estate market and the capability to sort out the most attractive opportunities in spite of growing market uncertainties. By leveraging these advantages, KORAMCO is uniquely positioned to attain impressive results that our competitors can only hope to emulate.

KORAMCO strives to come up with optimal solutions to enhance the value of market participants by combining the advanced know-how of our top-tier specialists, in-house capabilities, and extensive service networks.

Chairman's Message	CEO's Message	Shareholders	Consultative Board for a Prosperous KORAMCO	Board of Directors	Social Responsibility
12	14	18	19	20	22







**Fine Avenue
B Building**

KOCREF Fine Avenue
100 Euljiro, Jung-gu, Seoul



By applying our extensive knowledge, we are dedicated to creating new value for our customers so as to gain their trust and confidence.

This is the reason d'etre and founding spirit of KORAMCO.

Chairman's Message

Dear Shareholders, Customers, and Stakeholders

Above all, I am pleased to report that we were able to record sustained growth in 2015. KORAMCO REITs & Trust established new REITs for two rental housing projects and an office building REIT. Moreover, the company recorded KRW 64.3 billion of new trust contracts, the highest amount since our inception. As a consequence, operating revenue and operating income surged to KRW 68.7 billion and KRW 36.7 billion, respectively. Net income also more than doubled to KRW 27.0 billion, from KRW 13.2 billion.

KORAMCO Asset Management, a 100% subsidiary of KORAMCO REITs & Trust, recorded KRW 4.8 billion of operating revenue and KRW 300 million of net income. In 2015, the company established eight real estate funds, worth KRW 409 billion, and a special property fund of KRW 3.1 billion. Amidst a challenging business environment, KORAMCO Asset Management realized significant achievements based on the partnership relations of its business units. We also made strides in building momentum to sustain our continued growth.

We can expect even more economic uncertainty and difficulty in 2016, according to the market forecasts of economic research groups, in Korea and abroad. The global low-growth trend will likely worsen, while the already sluggish housing market continues to struggle, primarily due to the upcoming stricter regulations for mortgage loans. Despite this adversity, our management and staff have laid out 2016 business plans that call for establishing a "broad foundation for sustainable growth." To be more specific, we intend to establish new REITs valued at KRW 1.2 trillion, new funds of KRW 700 billion, and sign new trust contracts of KRW 53 billion. KORAMCO is determined to attain KRW 46.5 billion of consolidated pre-tax income in 2016, up a notable 19% from the previous year.



Woo Cheol Lee
BOD Chairman & Chairman of KORAMCO
[Inaugurated in February 2014]

Bachelor's degree, law, Seoul National University (SNU)
Master's degree, Harvard Kennedy School of Administration

Supervisor, Financial Supervisory Commission
Senior deputy governor, Financial Supervision Service(FSS)
Chairman, Korea Life Insurance Association



In order to realize these goals, we will make concerted efforts to implement the following initiatives:

First, the most critical asset for assuring the company's future is our manpower resources.

In 2015, the real estate finance sector faced numerous challenges as a result of ever-fiercer competition, but still KORAMCO managed to overcome such hardship as our management and staff intensified their research and improved their work performance, alongside stepped-up cooperation. In 2016, KORAMCO management and staff will remain dedicated to self-development and honing of their professional skills, as they prepare to become the driving force for the company's continued advancement. With more new recruits being accepted in 2016 than in the previous years, mentoring of the new staff will need be more systematic so that they can further strengthen our in-house capabilities.

Second, we must do our utmost to realize the company's mission.

Our mission is to "create new values for our customers based on knowledge and customer trust." We will not conduct business activities for the sake of profits alone, but instead seek to receive equitable returns for the company's contributions to our customers and partners. KORAMCO forayed into the overseas market in 2015 for the first time since its founding. There is still much to be desired, however, since the company did not take a lead role in this venture, while playing a limited role in the collection of investment funds. We will adopt corrective measures so that these efforts can be more closely aligned with our primary mission.

Third, the fundamental purpose of an asset management company is to establish and administer "blind funds."

KORAMCO intends to set up its first-ever blind fund sometime this year. Albeit small in scale, it will lay the groundwork for our future funding projects.

Fourth, we need to make comprehensive preparations to deal with structural changes of the real estate market, especially related to the residential sector.

In a paradigm shift for the housing market, the era of pre-construction home sales and jeonse (lump-sum deposit lease) units is now on a drastic decline. Today's housing market is focused on renewal (redevelopment) projects rather than new construction development, reflecting the slowdown of economic growth. We need to be fully prepared for this shift in the housing market. We are already working on several renewal projects, which offer attractive opportunities for our trust business.

Fifth, we will seek to clearly differentiate ourselves from our competitors in various regards.

For this, the company must distinguish itself with more innovative products and customer-oriented services. Of note, we need to evaluate our existing processes and systems, such as asset management framework, target marketing, and investment services, to determine if they measure up to global standards. We need to upgrade all aspects of our business operations so as to maintain the company's competitive edge.

Sixth, the company will pursue proactive management and aggressive marketing, while discarding any passive practices of the past.

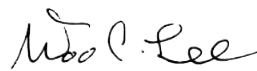
We will work hard to cultivate an environment for responsible management, which will be held accountable for business outcomes. This initiative will enable us to develop a more favorable business environment and to explore business opportunities with greater potential. All KORAMCO employees will roll up their sleeves to enable proactive management and practical marketing to take root in our company.

Valued Shareholders, Customers and Stakeholders

This year will be an important turning point for achieving our 2020 mid-term goals. We will put forth strenuous efforts and move forward, hand in hand, to realize this year's goals.

For KORAMCO, which was launched with only 14 management officials and staff members in 2001, the company's breathtaking growth thus far would not have been possible without the unwavering support of our shareholders, customers, and stakeholders. We solicit your continued support and encouragement so that KORAMCO can develop into an integrated real estate financing enterprise with a global presence.

Sincerely,


Woo Cheol Lee

CEO's Message

As the new Chief Executive Officer of KORAMCO REITs & Trust, I would like to take a moment to present an overview of the company management's basic directions.

First, the most critical asset for a financial business, like ours, is its human resources. Education for staff is thus an essential investment. We are stepping up efforts to cultivate and to secure talented staff persons to deal with the growing volatility of today's business environment. To this end, we will implement an innovative personnel management system which will serve us well for years to come.

Second, we intend to intensify our market research and evaluation endeavors in order to accurately assess domestic and global economic developments and market trends. This will enable our sales department to enjoy exceptional results and to explore new sources of revenue.

Lastly, we are dedicated to building a corporate culture that focuses on effective communication. In addition to individuals' abilities, for the optimization of organizational capabilities, mutual cooperation among management and staff is essential. With "open communication" being at the top of the company's core values, clear communication is vital for the well-being of KORAMCO and its staff members.

I will exert my maximum efforts to develop KORAMCO REITs & Trust into a dynamic and rewarding workplace, backed by robust sales. Our key goals are to continuously explore new revenue sources and to transform KORAMCO REITs & Trust into a "global integrated real estate financing enterprise." Along the way, we will be hard at work to maximize the returns of our shareholders, customers, and stakeholders.



CEO & President Jeong Tae Kim

[Management/ KORAMCO REITs & Trust]

[Inaugurated in February 2016]

Bachelor's degree, law, Seoul National University (SNU)
MBA, Wharton School, Pennsylvania University

Director, Korea Deposit Insurance Corp.
Outside director, former Korea's First Bank
Outside director, Prudential Securities
CEO, KTB Credit Service

I am pleased to report to you as CEO of KORAMCO REITs & Trust

In 2016, the business environment's uncertainty is expected to worsen across the industry, while the instability of global economic factors is even more tangible and the growth momentum of the Korean economy further weakens. Despite these daunting challenges, I am confident that the management and staff of KORAMCO REITs & Trust will be move closer to attaining our mid- and long-term goals, as well as this year's objectives, if we come together to pool their wisdom and maintain a united front.

As for our REIT business, efforts will be made to upgrade the staff's asset management capabilities by further reinforcing KORAMCO's distinctive asset management expertise. Concerted efforts will be rendered so that our asset management framework, which involves all related processes, purchases, operations, and disposals of assets, does not lag behind the industry's asset management standards.

As for our Trust business, today's volatile business environment requires us to select projects with maximum care after analyzing all business risks, including sell-out risk. The current operating environment calls for even more meticulous management of the projects in progress. In the event that the pre-construction sales market continues to go into a downturn, we will have to identify new business opportunities related to land trust activities, such as pre-sales of REIT projects or by taking on the role of project organizer.

Effective this year, trust firms are authorized to participate in redevelopment and reconstruction projects, opening up a huge new market. It may be difficult to get involved in large-scale urban renewal projects for the time being, since this requires massive capital outlays up front, along with a complex decision-making process. However, such urban renewal projects could become an important revenue source in the near future if we can devise an innovative approach with a prudent risk-sharing arrangement.



CEO & President Yong Sun Jung

[Marketing/ KORAMCO REITs & Trust]

[Inaugurated in May 2013]

Bachelor's degree, law, Korea University
Deputy governor, Financial Supervisory Service
Advisor, Hwawoo law firm

CEO's Message

Due to heightened economic uncertainty, asset management companies will be facing ever more daunting challenges and fiercer competition in the near term.

In response to this adversity, the management and staff of KORAMCO are determined to harness their energies to turn 2016 into a year of takeoff, based on the company's distinctive advantages.

First, we will actively pursue the establishment of blind funds that can serve as a new growth engine for KORAMCO Asset Management.

Second, the company intends to broaden its investment in overseas projects. In developed countries, we will conduct independent assessments of investment opportunities, while in developing countries our role will be focused on ways to secure deal-sourcing channels.

Third, concerted efforts will be made to bolster customer-oriented sales and marketing. Management will formulate solutions that will enable us to satisfy customers' particular needs and to respond to market developments.

Fourth, the company will upgrade its business efficiency through systematic staff training and reinforced internal capabilities. In addition, we will enhance risk management and compliance practices with the adoption of comprehensive risk management and internal control training programs.

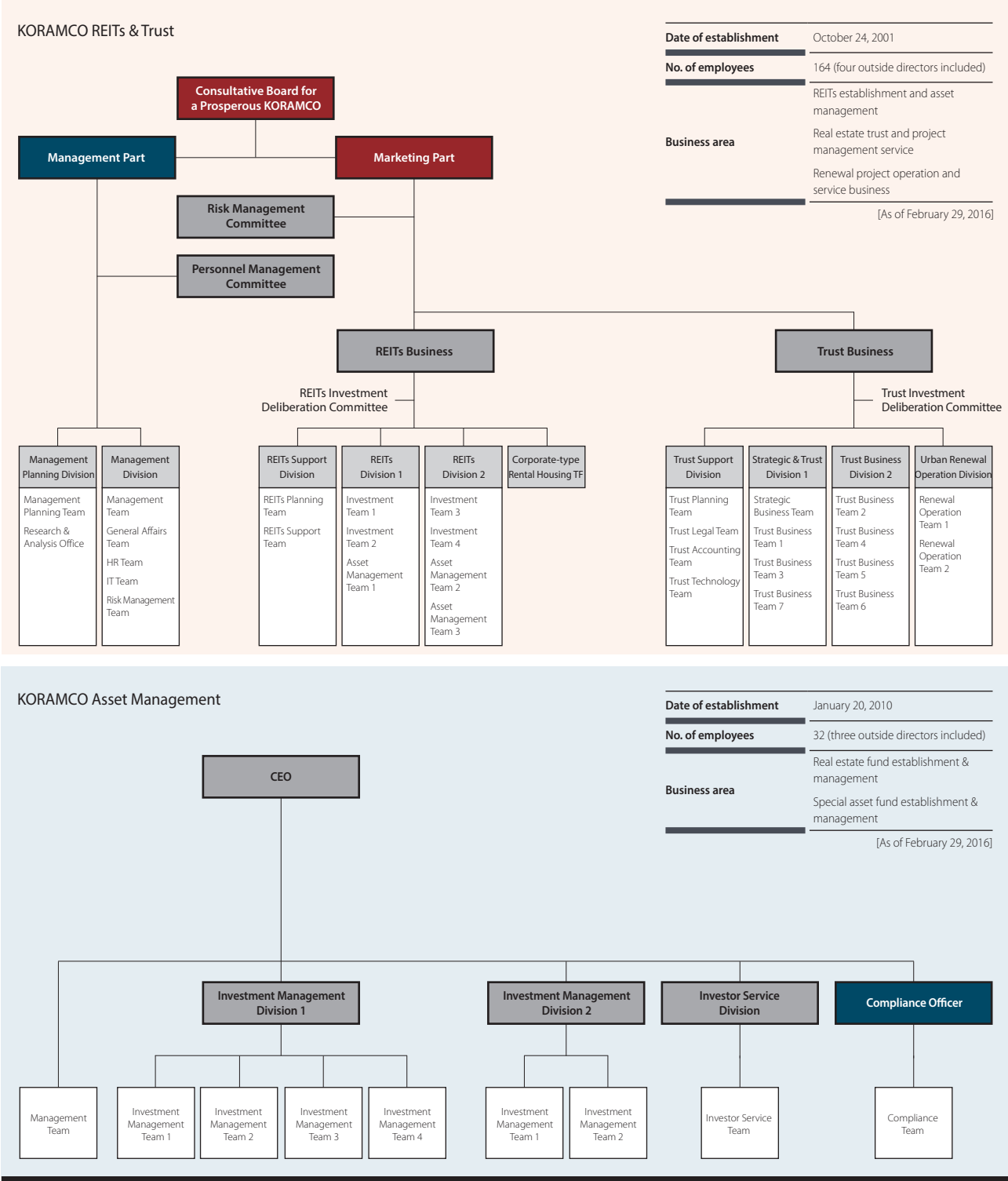
In 2016, the management and staff of KORAMCO Asset Management will be wholly dedicated to fostering a sound corporate culture under a spirit of cooperative unity. We will exert our utmost efforts to transform KORAMCO into the world's first-class financial institution with an ideal workplace environment.



CEO & President **Hyun Seung Lee**
[KORAMCO Asset Management]
[Inaugurated in May 2015]

Bachelor's degree, business management, SNU
Master's degree, government administration, SNU
Master's degree, Harvard University Kennedy School of Government
Division chief, Ministry of Strategy and Finance
IB director, Merrill Lynch Seoul
CEO, GE Energy Korea
CEO, SK Securities

Organization



Shareholders

Management's Message

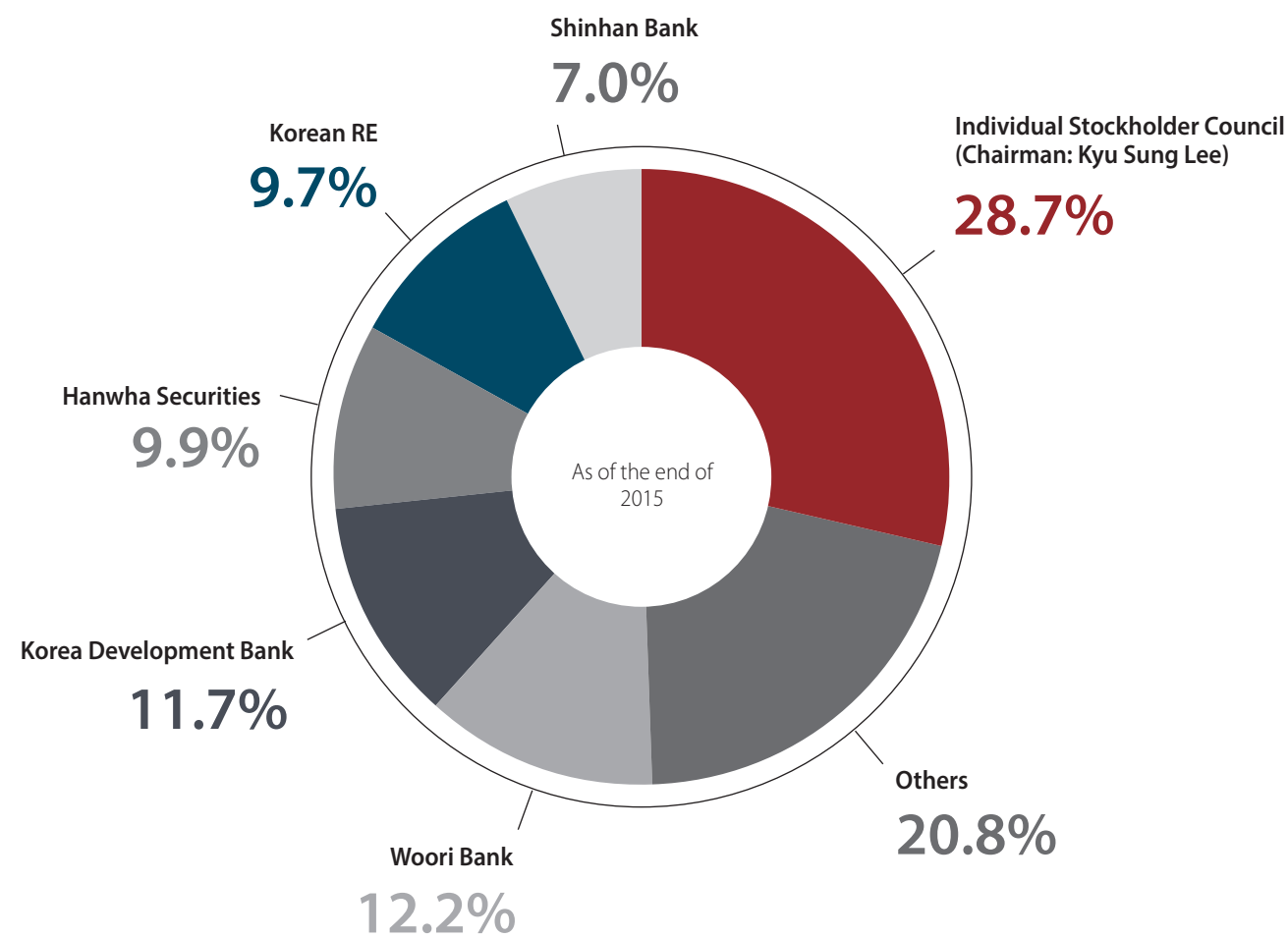
Shareholders

Organization

Social Responsibility

Shareholders of KORAMCO REITs & Trust are comprised of leading financial institutions, such as Individual Stockholder Council, Woori Bank, Korea Development Bank and Hanwha Securities. These institutions and their members have invested in KORAMCO for a long period.

Of note, KORAMCO has executed dividends annually since 2004, while sharing its operating results with our stockholders. In 2015, the company paid stock dividend as well as cash dividend, which enabled us to upgrade our stockholder value.



Consultative Board for a Prosperous KORAMCO

Management's Message

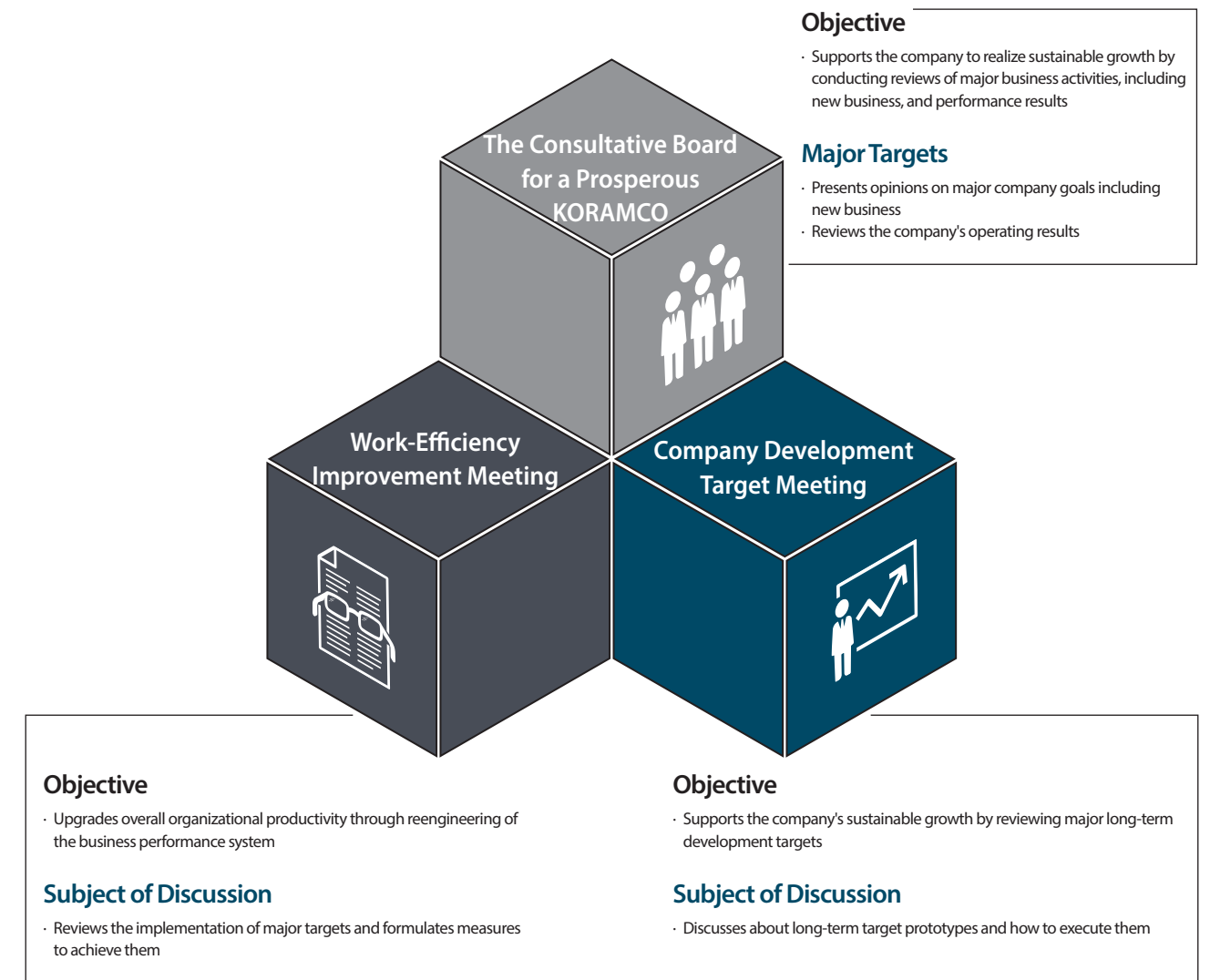
Shareholders

Organization

Social Responsibility

KORAMCO established the Consultative Board for a Prosperous KORAMCO in March 2014 with a view to ensuring sustainable growth. Top-level managers, including Kyu Sung Lee, Chairman of the Consultative Board for a Prosperous KORAMCO, the BOD Chairman, CEO & President, and Vice Presidents hold regular monthly meetings to discuss key management issues and to present opinions on KORAMCO's future directions.

In April 2015, the board created two sub-consultative councils in which external consultants participate. The two sub-councils are dedicated to exploring ways to fulfill the company's mid- and long-term management goals and to upgrade its overall work efficiencies.



Board of Directors

KORAMCO REITs & Trust

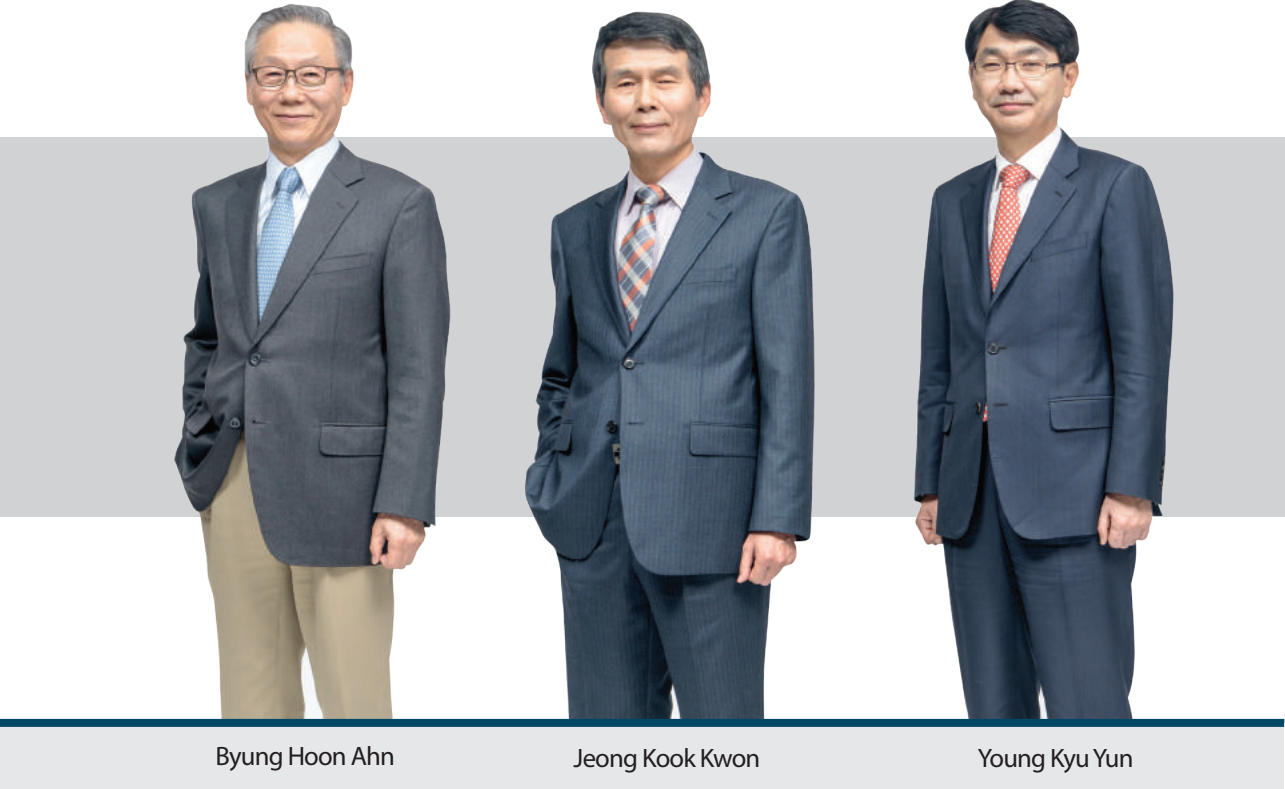


Outside Directors

Name	Chull Ho Lieu	Jung Kie Hahn	In Seok Yang	In Hyung Lee
Academy Backgrounds	Bachelor's degree, civil engineering, Seoul National University(SNU)	Bachelor's degree, business administration, SNU Master's degree, Vanderbilt WN Graduate School of Management	Bachelor's degree, law, SNU	Bachelor's degree, international business, SNU Ph.D., business administration, Brown University
Work Experience	Vice President, Daewoo E&C CEO, Gyeongseu Highway President, Korea Expressway Corp.	Commissioner, Tax Tribunal CEO, KOSCOM	Seoul High Court judge Trial researcher, Supreme Court Commissioner, BAI Senior lawyer, DW Partners (ongoing)	Researcher, LG Economic Research Institute Professor, financial engineering, Suwon University Vice president, Korea Capital Market Institute (ongoing)

[As of February 29, 2016]

KORAMCO Asset Management



Outside Directors

Name	Byung Hoon Ahn	Jeong Kook Kwon	Young Kyu Yun
Academy Backgrounds	Bachelor's degree, engineering, SNU Master's degree, mechanical engineering, Stanford Univ. PH.D., business administration, Stanford Univ.	Bachelor's degree, law, Yonsei Univ. Master's degree, law, Kookmin Univ.	Bachelor's degree, business administration, SNU
Work Experience	Professor, technology administration, KAIST Deputy president, KAIST Seoul	Deputy bureau chief, FSS Auditor, Tongyang Securities	Manager, FSS Member, Financial Development Deliberation Committee, Financial Services Commission Lawyer, law firm Jipyong(ongoing)

[As of February 29, 2016]

Social Responsibility

A “Warmhearted” Enterprise that Fulfills its Social Responsibilities

A warmhearted enterprise that fully satisfies its social responsibilities is one of the top priorities of KORAMCO its social responsibilities is one of the top priorities of KORAMCO.

Based on a belief that our business practices can only be meaningful when we properly conduct ourselves as an upright member of society and take steps to share our gains with the local community, so as to build investor trust and customer satisfaction, we consistently carry out social contribution activities.

The management and staff members of KORAMCO donate 1% of their monthly salaries, to which the company donates a matching amount, to fund the company's community initiatives. All employees of KORAMCO are deeply involved in the corporate social responsibility (CSR) activities, especially the efforts to support those members of society who are in need of assistance.

KORAMCO intends to steadily increase its assistance to charitable groups and community facilities, while striving to develop new types of social contribution activities that provide expanded benefits. To back up its volunteer projects, KORAMCO has steadily increased its budget support for CSR activities.

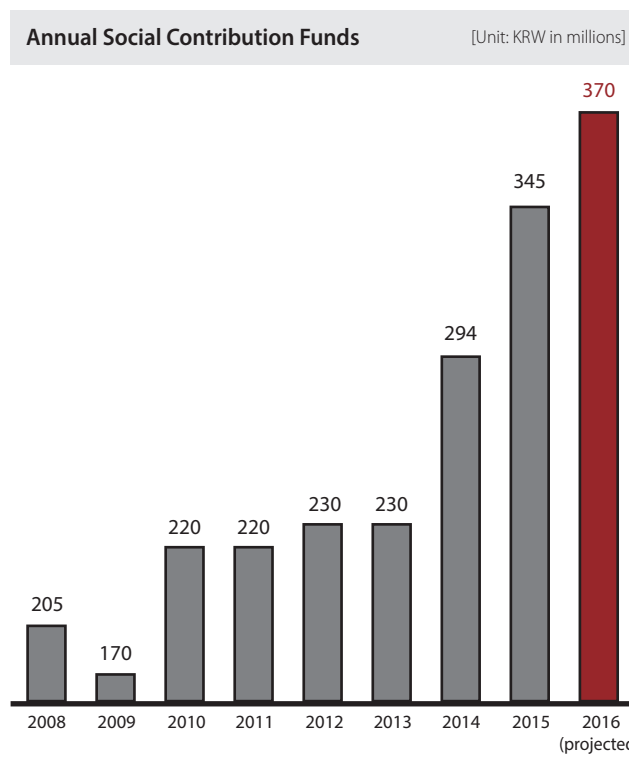
Highlights of 2015 Social Contribution Activities

Social contribution activities: five priorities

1) Reach out to marginalized people

- We donate money to charities including the Community Chest of Korea every year. We are involved in a wide range of activities to help the socially marginalized, including disabled persons, the elderly and the local poor. We also provide medical expenses for low-income people and foreign workers.

- In 2015, KORAMCO donated a total of KRW 167 million to various welfare facilities and colleges. They include Community Chest of Korea, ChildFund Korea, Raphael Clinic, Bethel welfare facility, Geumcheon-gu Social Welfare Department.



2) HRs training and academic assistance

- KORAMCO offers scholarships to college students from low-income families and schooling tools to elementary pupils living in regional areas in an effort to nurture talented people who will lead the future of the country. The company also extends financial supports to academic research activities for collegians. In 2015, we contributed a total of KRW 80.77 million in this field.

Management's Message

Shareholders

Organization

Social Responsibility

3) Support for model Korean and American soldiers

- KORAMCO maintains a program to show our support for Korea's military service members and U.S. troops stationed in Korea.
- In 2015, KORAMCO extended KRW 43 million for the only annual friendship program which contributed to the development of personal friendship of military troops of Korea and the United States.
- A total of 50 model soldiers of the two countries toured a number of historic sites in Korea for three days and two nights.

A total of 50 model soldiers, 25 each from Korea and USA, toured major industrial and tourist facilities.



Pictured are model soldiers of Korea and USA

4) Employee volunteers

- KORAMCO employees pay regular visits to social welfare facilities.
- A number of staff participated in voluntary activities for Raphael Clinic and a disabled children's facility in the past year.

Company workers comforted children at Hansarang Children's Welfare Facility.



A female worker takes care of a child at Hansarang Children's Welfare Facility

Volunteers also built homes for families living in facilities which are in poor conditions.

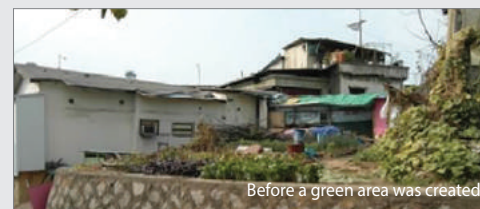


Volunteers join hands to build a home in line with the Habitat for Humanity campaign

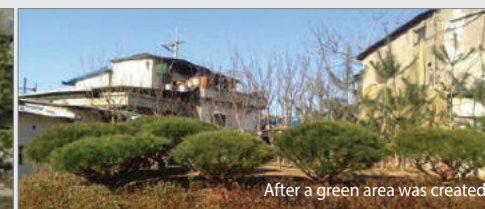
5) Environmental preservation

- KORAMCO is actively involved in environmental protection programs in order to pass down our decent environment to our future generation.
- In 2015, we donated KRW 25 million for an urban forest cultivation program in Incheon City.

KORAMCO actively participated in the green cultivation program for the urban poor who are isolated and live in poor surroundings.



Before a green area was created



After a green area was created

Forest cultivation in Bukseong-dong, Jung-gu, Incheon

BUSINESS SECTION

02

YOUR PATHWAY FOR SUCCESS

Backed by its No. 1 standing in REIT market share, and with Korea's premier REIT brand KOCREF, KORAMCO has made significant progress in its pursuit of new market opportunities and creative business models. Based on the sustained growth of its FIRSTSTEP trust business, KORAMCO is charting the future direction of real estate funds in Korea. KORAMCO expects to further enjoy sustainable growth with noteworthy performance results that exceed people's expectations, based on our industry-leading operations and continuous innovation, in line with the company's core values.

REITs Business	Trust Business	Asset Management	Asset Management & REITs
28	39	50	60







KOCREF Cheongjin Nos. 18, 19
33, Jongno, Jongno-gu, Seoul



Gran Seoul

KORAMCO's Distinctive Products & Business Models

Creates new standards for real estate finances in Korea

REITs Business

REITs Market Trends and Performance

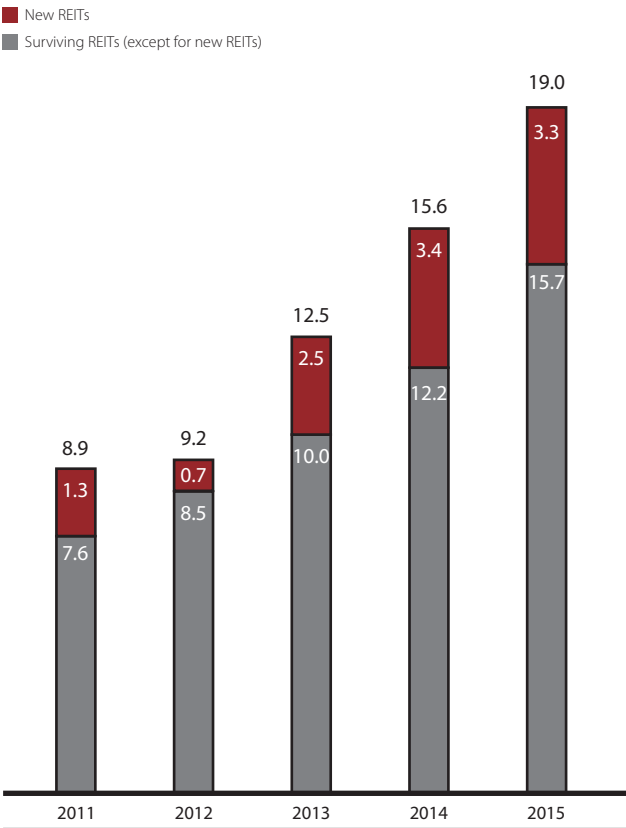
Steady Expansion of REITs Market

As of the 2015 year-end, 116 REITs, were being administered. Total assets under management (AUM) amounted to some KRW 19 trillion.

In 2015, 34 new REITs have been established, with AUM volume up 22.1%, from the previous year. The REIT market has recorded continuous growth since 2012.

Trend of AUMs Managed by REITs Management Companies

[Unit: KRW in trillions]



* Figures include PFVs, but exclude internally managed REITs

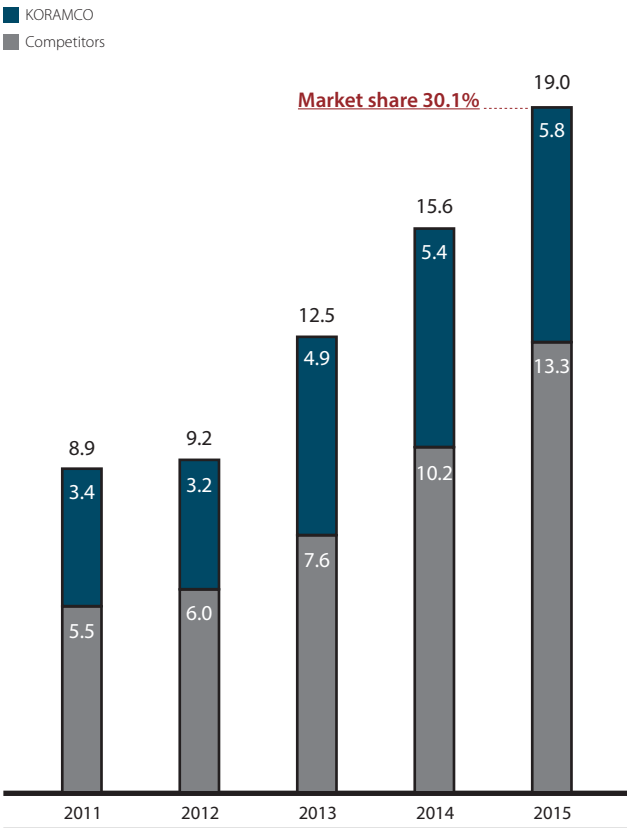
AUM Volume of KRW 6 trillion, or a 30% Market Share

KORAMCO REITs & Trust has established 28 REIT funds thus far. As of 2015, 20 funds, including three PFVs have been under management.

The company established three new REITs during 2015, equivalent to a 30.1% market share, and the No. 1 standing in the domestic industry.

Trend of AUMs Managed by KORAMCO REITs & Trust

[Unit: KRW in trillions]



Market share 30.1%

Market Achievements
Major Projects
Financial Achievements
Outcomes of Strategy Implementation
Details of Major Projects

REITs Business

Trust Business

Asset Management

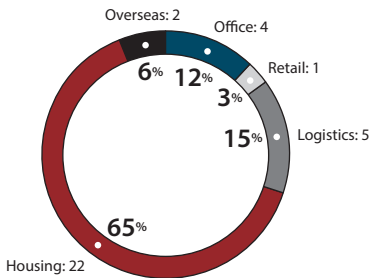
Trends of Portfolio Products

Steady Rise of Residential Property REITs

In 2015, residential properties accounted for the largest share of newly established REITs for the second consecutive year. REIT portfolios are now focusing on residential real estate rather than commercial properties, like office buildings and retail developments.

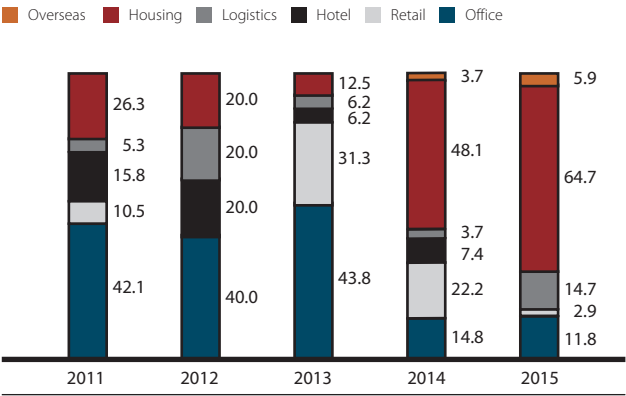
A total of 22 residential property REITs was established in 2015, an increase of 9 from the previous year. This accounted for a 65% share of new REITs overall, while new REITs for office and retail projects made up a share of 14%.

Breakdown of Korea's New REITs by Product Type in 2015



Breakdown of New REITs by Product Type, Industry-wide

[Unit: %]



Pursuing the Diversification of Portfolio

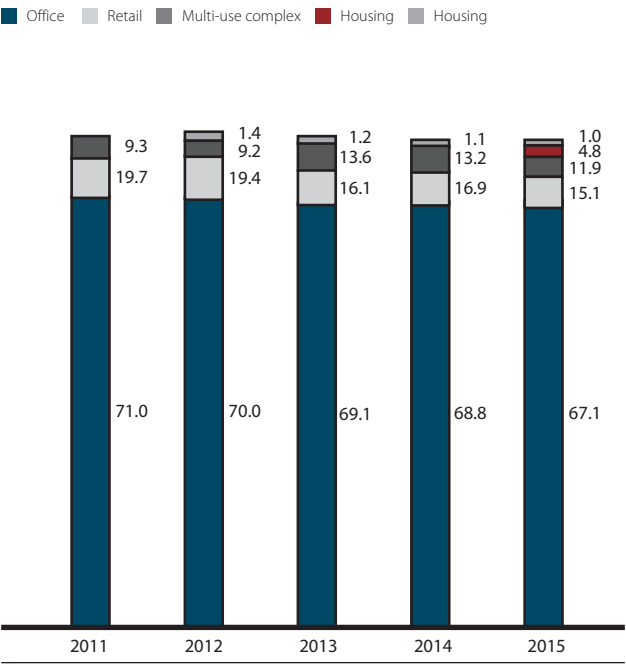
KORAMCO REITs & Trust is striving to diversify its portfolios by expanding investments in new business areas like residential properties and hotels. The company is also working to enhance the safety of its portfolios by investing in large office buildings in city center.

In 2015, the company set up KOCREF Housing No.1 which is a lease operating of officetels and urban-type houses in response to the market change.

KORAMCO REITs & Trust will continue efforts to establish REITs for multi-use complexes like retail buildings and officetels to promote both the safety and profitability of its portfolios.

Breakdown of New REITs by Product Type (Established by KORAMCO REITs & Trust)

[Unit: %]



REITs Business

Status of Ongoing Projects in 2015

KOCREF No. 30

Building name	Hana Financial Investment Building
Project type	Entrusted management real estate investment entity
Establishment scale	KRW 433.7 billion
Total floor area	69,826㎡, B5/23F
Location	82 Euisadang-ro, Yeongdeungpo-gu, Seoul

KORAMCO REITs & Trust completed the transfer of ownership of the Hana Financial Investment Building, which had been purchased from Hana Asset Management in November 2015.

The Hana Financial Investment Building is a prime asset of Yeouido that includes a total floor area of 69,826 square meters. With 60% of the floor area already being leased to affiliates of the Hana Financial Group, the building is assured of steady cash flow and stable management.

KORAMCO REITs & Trust boosted the building's value by extending the lease contract and reaching an agreement on common stock investment with Hana Financial Investment, the primary tenant. Moreover, KORAMCO was able to ensure stable cash flow by reducing the risk of vacant space during the lease-up period.

The company also created a sound asset sale structure by using preemptive rights of Hana Financial Investment, which provided added protection for a smooth exit process.



The KOCREF No. 30 project has been structured to minimize asset management risk from the time of its REIT establishment.

Market Achievements		
Major Projects		
Financial Achievements		
Outcomes of Strategy Implementation		
Details of Major Projects		
REITs Business	Trust Business	Asset Management

KOCREF Gwanggyo

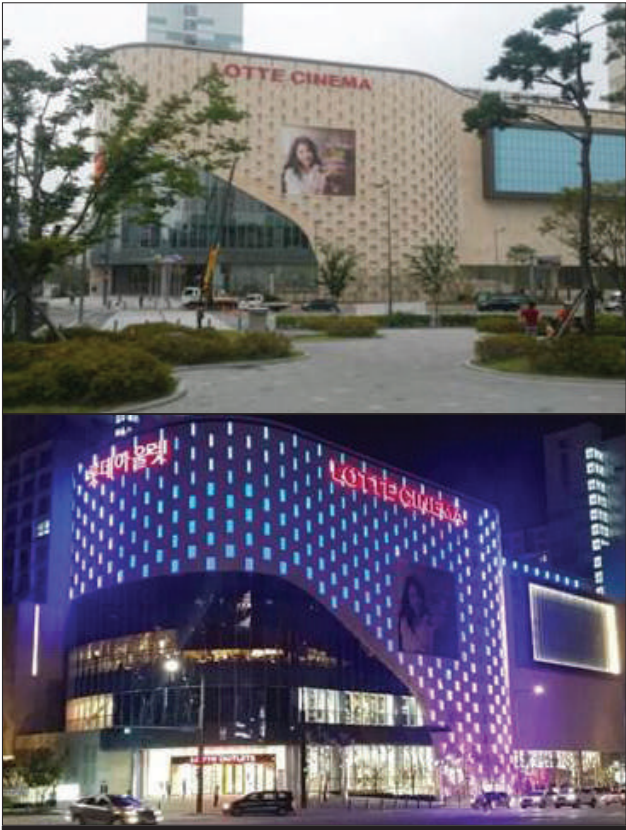
Project description	Multi-use development project (CD1-3 Blocks)
Project type	Externally managed REIT
Establishment scale	KRW 427.6 billion
Total floor area	198,809.42㎡, B8/17F
Location	1338 Iui-dong, 1338 (Docheongro 10), Yeongtong-gu, Suwon City, Gyeonggi-do

This multi-use development project is under way in the central area of Suwon Gwanggyo.

The project was implemented by KOCREF Gwanggyo(REIT) that specializes in entrusted management for the development of mixed-use complex. Daewoo E&C completed the building in August 2015.

All the 1,712 officetel units have already been sold out thanks to aggressive marketing and attractive pricing. Lotte Gwanggyo Outlet minimized its risk exposure with a 20-year master lease agreement with GS Retail.

In addition, Lotte Shopping, a main tenant of Lotte Gwanggyo Outlet, concluded a 20-year lease contract, which will enable the development to become a major retail outlet in Suwon Gwanggyo.



The KOCREF Gwanggyo project offers investors attractive returns and minimal risk in a mixed-use complex that includes officetel units and commercial facilities.

REITs Business

Status of Ongoing Projects in 2015

KOCREF No. 17

Building name	NH Nonghyup Capital Building (previously, Yudo Hall Building)
Project type	Externally managed REIT
Establishment scale	KRW 63.5 billion
Total floor area	20,700.61㎡, B6/11F
Location	27-8, 8-gil, Gukje Geumyeong-ro, Yeongdeungpo-gu, Seoul

KOCREF 17 is a value-added REIT which purchased an undervalued building and remodeled and expanded it and had it leased by an excellent lease holder and finally boosted its value.

KORAMCO REITs & Trust purchased Yudo Hall Building (currently, NH Nonghyup Capital Building) for KRW 50.5 billion in Yeouido. Then, the company remodeled it and attracted excellent lessees (the headquarters of NH Nonghyup Capital Building and the IT center of Mirae Asset Securities among others).

The expiration of the duration prompted us to push forward with the sale of the building. We executed an active operation strategy for the stable sell-off of assets such as the early renewal of the contract with NH Nonghyup Capital, which resulted in successful a sell-off. We achieved an IRR of 17.75%, 2.72%p more than the target IRR set in our business plan by selling it for KRW 102.1 billion which towered over the target price.



The sell-off of KOCREF 17 NH Capital Building was a successful case of value-added investment and management.

KOCREF NPS No. 1

Building name	Grace Tower (previously, KB Yeoksam Building)
Project type	Externally managed REIT
Establishment scale	KRW 148.5 billion
Total floor area	24,529.68㎡, B6/20F
Location	127, Teheran-ro, Gangnam-gu, Seoul, Korea

Grace Tower (previously, KB Yeoksam Building), which is a core plus asset, was incorporated into KOCREF NPS No.1 in March 2008. While it was running stably, a large vacancy occurred due to the decision of Samsung SDS, one of the main tenants, to move to another building.

Considering the interest of potential buyers due to the good location conditions of the building in the Gangnam area and a continued decline in rent, we judged that it was the right time to sell the building, and went forward with the early sale of the building.

Despite various constraints, such as potential large vacancy risk, the low height of the building, and aging facilities, we enhanced the building's sale value by selling it to Hana Financial Group, which needed an office building.



The sale of KOCREF NPS No.1 Grace Tower has led to good results through the determination of a proper time for sale and the active discovery of potential buyers.

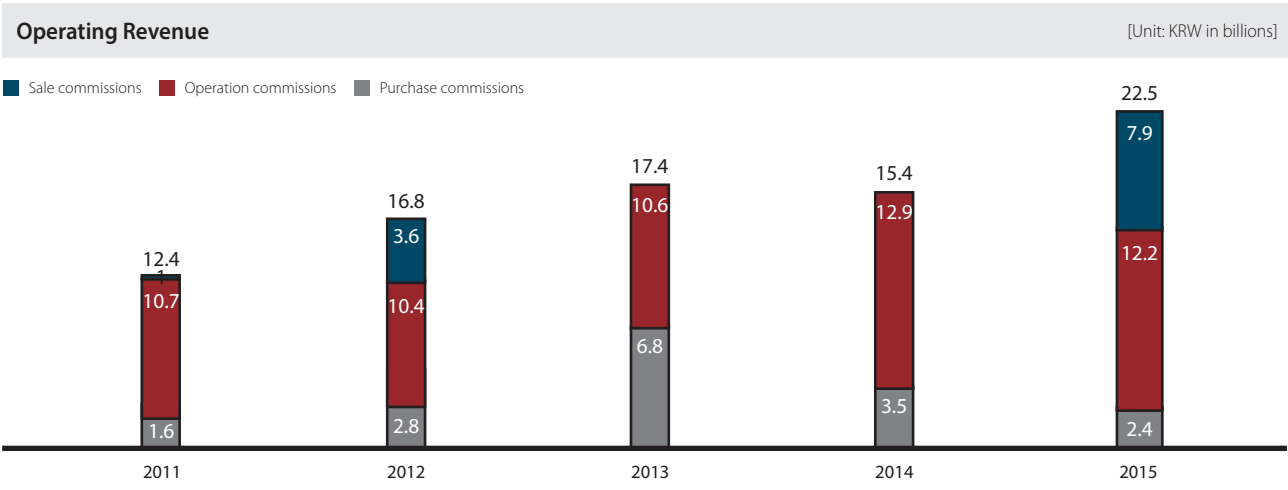
REITs Business

Financial Performance

Achievement of KRW 22.5 billion in Operating Revenue

KORAMCO REITs & Trust has been steadily recording more than KRW 10 billion in operating revenue since 2011. By posting KRW 22.5 billion in operating revenue in 2015, it achieved the largest financial results in the last five years. The operating revenue in 2015 increased by 46.9% year on year, and the biggest contribution was the sale commission for the NH Nonghyup Capital Building.

The dividend yield ratio of real estate investment trusts (REITs), which are managed by KORAMCO REITs & Trust, are distributed from the minimum of 6.0% to the maximum of 16.7%. The average dividend rate is 8.6%, and it is an excellent management result. Based on its asset management capabilities differentiated from rival companies, KORAMCO REITs & Trust will do its utmost to bring in results better than customers' expected.



Dividend Yield Ratios of REITs under Management

	Business Year	Period	Dividend yield ratio(%)
KOCREF No.6	2nd quarter of 21st period	Oct. 1, 2015 ~ Dec. 31, 2015	8.79
KOCREF NPS No.1	1st quarter of 19th period	Oct. 1, 2015 ~ Dec. 31, 2015	7.88
KOCREF NPS No.2	1st quarter of 18th period	Oct. 1, 2015 ~ Dec. 31, 2015	16.73
KOCREF No.11	1st quarter of 18th period	Oct. 1, 2015 ~ Dec. 31, 2015	12.42
KOCREF No.14	Entire 16th period	Jun. 1, 2015 ~ Nov. 30, 2015	12.78
KOCREF No.17	1st quarter of 11th period	Oct. 1, 2015 ~ Dec. 31, 2015	8.75
KOCREF Cheongjin No.18	1st quarter of 8th period	Oct. 1, 2015 ~ Dec. 31, 2015	7.04
KOCREF Cheongjin No.19	1st quarter of 8th period	Oct. 1, 2015 ~ Dec. 31, 2015	8.00
KOCREF Yangjae	2nd quarter of 5th period	Oct. 1, 2015 ~ Dec. 31, 2015	6.45
KOCREF Pine Avenue	1st quarter of 5th period	Sep. 1, 2015 ~ Nov. 30, 2015	6.30 for The first class of shares, 6.71 for The second class of shares
KOCREF The Prime	Entire 4th period	Jul. 1, 2015 ~ Dec. 31, 2015	7.00 for type 1
KOCREF Seomyeon	Entire 4th period	Jul. 1, 2015 ~ Dec. 31, 2015	6.00 for type 1
KOCREF Housing No.1	Entire 2nd period	Jul. 1, 2015 ~ Dec. 31, 2015	6.50 for The first class of shares, 6.00 for The second class of shares

* Based on average dividend ratios converted from original data
Source : Investment report by the Korea Association of Real Estate Investment Trusts

Asset Management






Securing Differentiated Asset Management Competitiveness through Green Smart Building Index

Since 2011, KORAMCO REITs & Trust has developed green smart building index for differentiated asset management. The green smart building index have been applied since 2015.

The green smart building index consist of five areas: inheritance (inherent characteristics of the building), occupancy (renting), convenience (tenant satisfaction), efficiency (operational efficiency), and sustainability (safety/care for the handicapped and elderly/eco-friendliness). KORAMCO REITs & Trust periodically evaluates the value of assets through the index.

KORAMCO REITs & Trust will secure the operational efficiency of the building and continuously increase the value of assets by connecting the indicator evaluation results with the "asset management master plan."

Green smart building index

	Inheritance	Assessment on inherent characteristics of buildings, such as building size, floor space
	Occupancy	Assessment on rental contracts, management of rental rates, etc.
	Convenience	Assessment on the satisfaction of tenants and management activity
	Efficiency	Assessment on activities for operational efficiencies, such as cost saving
	Sustainability	Assessment on safety, care for the weak and eco-friendly factors

Acquisition of Golden Tower LEED Certification

Golden Tower, located in Samseong-dong in Gangnam, is one of the KOCREF NPS No.1 assets, and this tower has obtained the LEED EB "Gold" rating level.

* LEED EB: Leadership in Energy and Environmental Design, Existing Building

To obtain LEED certification, KORAMCO REITs & Trust conducted various activities, such as water-saving equipment installation, operating manual systemization, and commissioning. These activities are expected to result in the increased value of the building, increased tenant satisfaction, and reduced energy cost.



KOCREF NPS No.1(Golden Tower)

REITs Business

Asset Management

Conducting Energy Efficiency Projects

To respond to the government's energy-saving policy, KORAMCO REITs & Trust has been continuously making efforts, such as the introduction of high energy efficient equipment, to reduce energy consumption and greenhouse gas emissions.

[Lighting equipment replacement]

As part of its participation in the government's pilot project of running an energy efficiency market, KORAMCO REITs & Trust has replaced the lighting equipment in the common use areas of buildings under its management, including underground parking lots. Thus, it is expected to reduce energy consumption by 800 MWh per year and decrease peak power by 70kW.

KOCREF No.11 (STX Namsan Tower), Pangyo SD-2 PFV (H Square)

[Low NOx burner replacement]

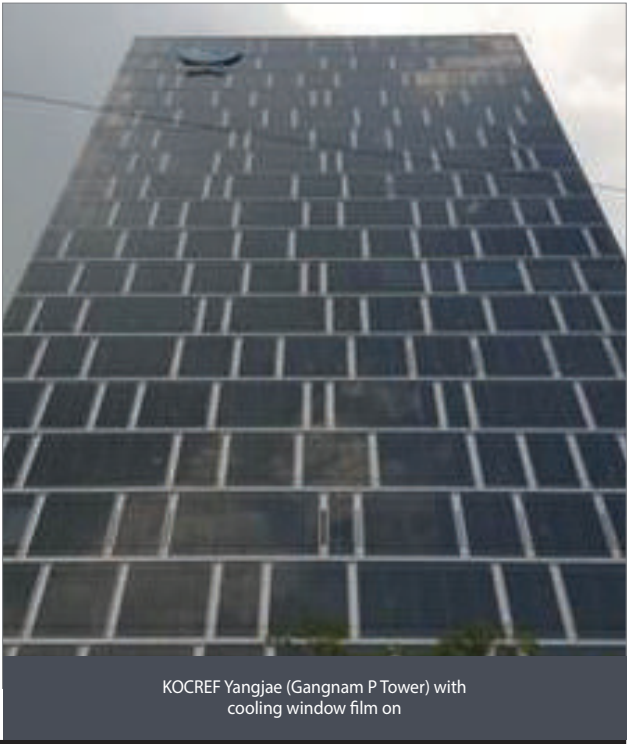
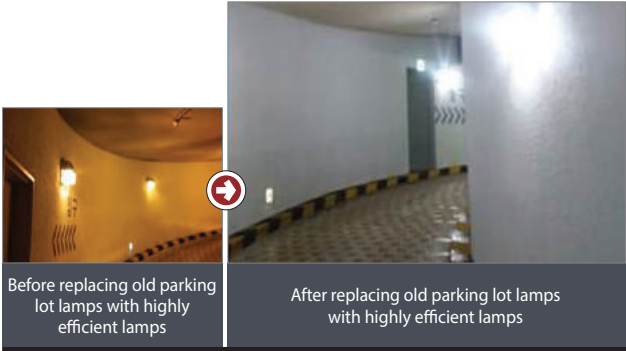
KORAMCO REITs & Trust participated in the Low NOx Burner Installation Support project supported by the government in order to reduce NOx (nitrogen oxide) emissions from the burning of fossil fuels. Through the participation, NOx emissions are expected to decrease by 50%, which is equivalent to the reduction of fossil fuel use by 2%.

KOCREF No.11 (STX Namsan Tower), KOCREF The Prime (The Prime Tower)

[Installation of window glass films for cooling]

Window glass films for cooling have been installed to reduce air-conditioning energy consumption in summer and to improve working environments of tenants. It is expected to reduce air-conditioning energy consumption by about 10%.

KOCREF Yangjae (Gangnam P Tower)



Rental Housing Business

Foray into Rental Housing REITs Business

In the housing rental trends of rapid transition from a large lump-sum security deposit (Jeonse) to monthly rent, the government announced the "New Stay" policy, which aims to promote the supply of enterprise rental housing, in January 2015 in order to provide a stable housing environment to the middle class and to promote the supply of private rental housing. In August 2015, the National Assembly passed so-called Three New Stay Bills - the Special Act on Leased Private Homes, the Public Housing Special Act and the Act on Urban and Residential Environment Improvement, which laid the groundwork for the expansion of leased homes.

KOCREF Housing No.1

Project type	Externally managed REIT
Establishment scale	KRW 14.1 billion
Construction scale	90-room studio apartment building
Location	Singil-dong, Yeongdeungpo-gu, Seoul

KOCREF Housing No.1 invested in urban housing and studio apartments office buildings near the Yeouido area.

The REIT is Korea's first rental housing REIT established with 100-percent private capital. Koramco REITs & Trust is managing the REIT via a master lease contract with MOD, an affiliate of the Kolon Group.



KORAMCO REITs & Trust overhauled its rental housing business model by establishing the New Business Development Team in 2014 and since then, has been conducting various research on it. These preemptive efforts have been empowering the company to take the lead in making a change in the rental housing REIT market such as establishing two rental housing REITs (KOCREF Housing 1 and Dongtan 2 Daewoo KOCREF) in 2015.

Dongtan 2 Daewoo KOCREF

Project type	Externally managed REIT
Establishment scale	KRW 374.9 billion
Construction scale	1,135 apartments
Location	Yeongcheon-dong, Hwaseong, Gyeonggi-do

Dongtan 2 Daewoo KOCREF is a New Stay project and at the same time, a REIT which pursues the middle class's housing security and the stability of the housing lease business. In particular, KORAMCO will play a leading role in purchasing land from LH Corp. to liquidation.

Dongtan 2 Daewoo KOCREF had great symbolism as the first publicly invited project of the Korea Land & Housing Corporation. The REIT will secure a foothold to play a leading role in the future rental housing REIT market and help KORAMCO REITs & Trust secure the number-one position in the industry in the future.



REITs Business

Major Projects

Target profits and performance of KOCREF

[As of December 2015, Unit: KRW in billions]

Category	Project type	Year of Establishment	Establishment scale	Target Payout Ratio*	Status	Note
KOCREF No.1	Corporate restructuring REIT	2002	236.6	10.06%	Liquidation completed	Annual average payout ratio: 43.5%, IRR: 28.4%
KOCREF No.2	Corporate restructuring REIT	2002	111.6	10.39%	Liquidation completed	Annual average payout ratio: 12.1%, IRR: 11.2%
KOCREF No.3	Corporate restructuring REIT	2003	156.2	10.19%	Liquidation completed	Annual average payout ratio: 51.3%, IRR: 31.1%
KOCREF No.4	Corporate restructuring REIT	2004	181.0	10.24%	Liquidation completed	Annual average payout ratio: 31.4%, IRR: 23.0%
KOCREF No.5	Corporate restructuring REIT	2005	106.3	8.71%	Liquidation completed	Annual average payout ratio 42.5%, IRR 28.9%
KOCREF No.6(Preferred stocks)**	Corporate restructuring REIT	2005	273.4	9.05%	22nd term of operation	Under lease
KOCREF No.7	Externally managed REIT	2005	136.0	8.00%	Liquidation completed	Annual average payout ratio 10.7%, IRR: 10.6%
KOCREF No.8	Externally managed REIT	2006	122.4	8.57%	Liquidation completed	Annual average payout ratio: 7.6%, IRR: 7.6%
KOCREF NPS No.1	Externally managed REIT	2006	817.8	7.99%	19th term of operation	Under lease
KOCREF NPS No.2	Corporate restructuring REIT	2007	640.7	12.18%	18th term of operation	
KOCREF No.11	Corporate restructuring REIT	2007	218.5	13.82%	18th term of operation	
Pangyo SD-2 PFV	Project financing vehicle	2007	340.0	10.63%	10th term of operation	Under lease (completed in March, 2011)
KOCREF ARIEF Korea No.1	Corporate restructuring REIT	2007	213.5	10.88%	Liquidation completed	Annual average payout ratio 2.3%, IRR: 2.2%
KOCREF No.14	Externally managed REIT	2008	115.2	11.57%	17th term of operation	Under lease
KOCREF No.15	Corporate restructuring REIT	2009	122.4	14.14%	10th term of operation	Remodeling (to be completed in March 2016)
KOCREF G Square PFV	Project financing vehicle	2009	532.0	9.28%	7th term of operation	Under lease (completed in March 2012)
KOCREF No.17	Externally managed REIT	2010	63.2	15.03%	Liquidation completed	Annual average payout ratio: 21.60%, IRR: 17.75%
KOCREF Cheongjin No.18	Externally managed REIT	2011	736.1	7.88%	8th term of operation	Under lease (completed in December 2013)
KOCREF Cheongjin No.19	Externally managed REIT	2011	602.2	9.86%	8th term of operation	
KOCREF Byukeun Hotel PFV (Preferred stocks)	Project financing vehicle	2012	83.2	5.68%	6th term of operation	Under construction (to be completed in January 2017)
KOCREF Gwanggyo	Development REIT company	2013	427.6	9.38%	6th term of operation	Under lease (completed in August 2015)
KOCREF Yangjae (Preferred stocks)	Externally managed REIT	2013	271.1	7.87%	6th term of operation	Under lease
KOCREF Pine Avenue (Preferred stocks)	Externally managed REIT	2013	512.6	6.97%	5th term of operation	
KOCREF The Prime (Preferred stocks)	Externally managed REIT	2014	133.5	9.18%	5th term of operation	
KOCREF Seomyeon (Preferred stocks)	Externally managed REIT	2014	94.0	6.95%	5th term of operation	
KOCREF Housing No.1 (Preferred stocks)	Externally managed REIT	2015	14.1	7.27%	3rd term of operation	
Dongtan 2 Daewoo KOCREF (Preferred stocks)	REIT company that specializes in entrusted management with focus on development of corporate lease	2015	374.9	5.00%	2nd term of operation	Under construction (to be completed in February 2018)
KOCREF No.30 (Preferred stocks)	Externally managed REIT	2015	433.7	7.30%	1st term of operation	Under lease
Total			8,070.1			

* Target rate of return are Equity IRRs. In the case of KOCREF G Square, the figure is a Project IRR.
** The Target rate of return of the preferred stocks are based on The first class of shares. But KOCREF 6 is based on The second class of shares.

Trust Business

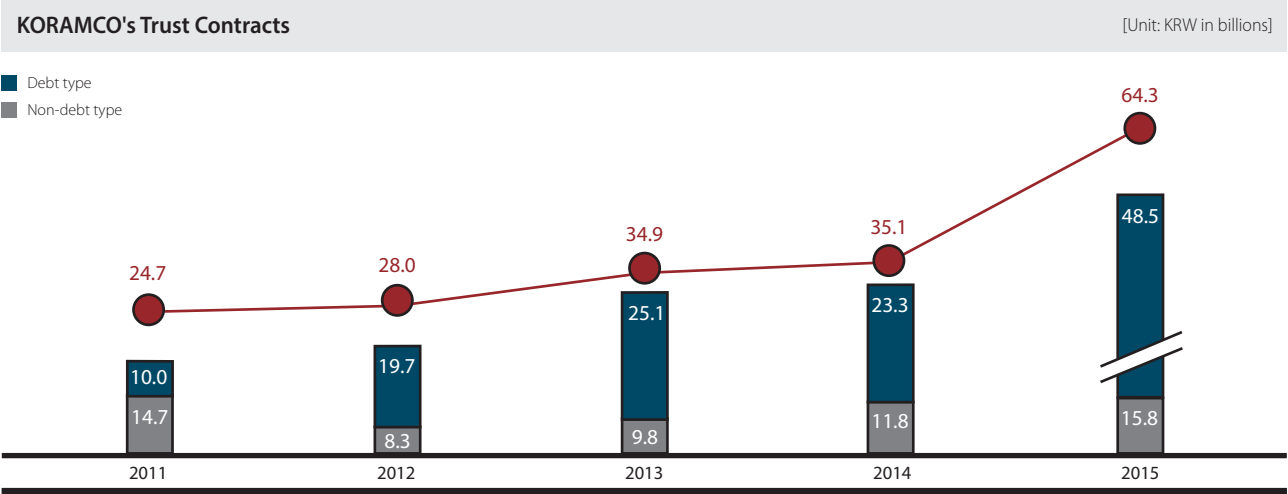
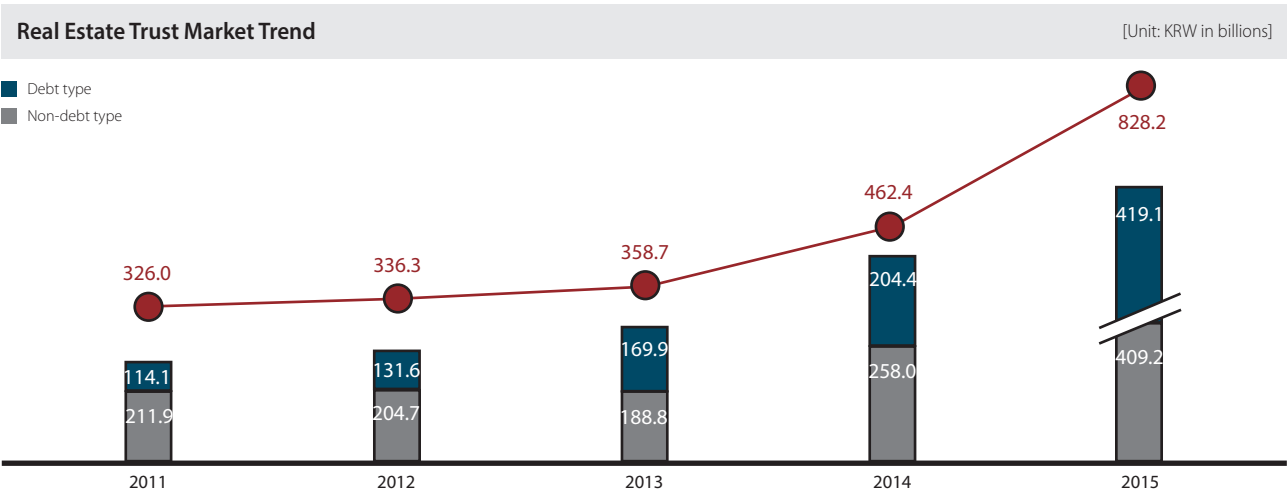
Trust Market Trends and Performance

Increase of Trust Market Growth

In 2015, the value of contracts won in the real estate trust market was a record-high amount of KRW 828.2 billion. A boom in sales of real estate such as houses, studio apartments and stores fueled by the government's easing of household loan conditions and commercial banks' cuts in loan interest rates contributed to the growth of the trust market. There are concerns that the boom will slow down in 2016 due to housing oversupply and the strengthening of loan application screening. However, KORAMCO REITs & Trust will achieve steady growth through differentiated business management and portfolio diversification.

Largest Volume of New Contracts of KRW 64.3 billion since Foundation

KORAMCO REITs & Trust, a latecomer who entered the real estate trust market in 2006, has become a mid-sized trust company by launching new products and finding new business directions based on its expertise. By achieving KRW 64.3 billion in new contracts last year, which is the largest amount since its foundation, KORAMCO REITs & Trust gained a foothold to become one of the top-class companies in the industry. KORAMCO REITs & Trust's risk management based on its thorough business analysis and strengthened legal and technical work is the epitome in the trust industry.



Trust Business

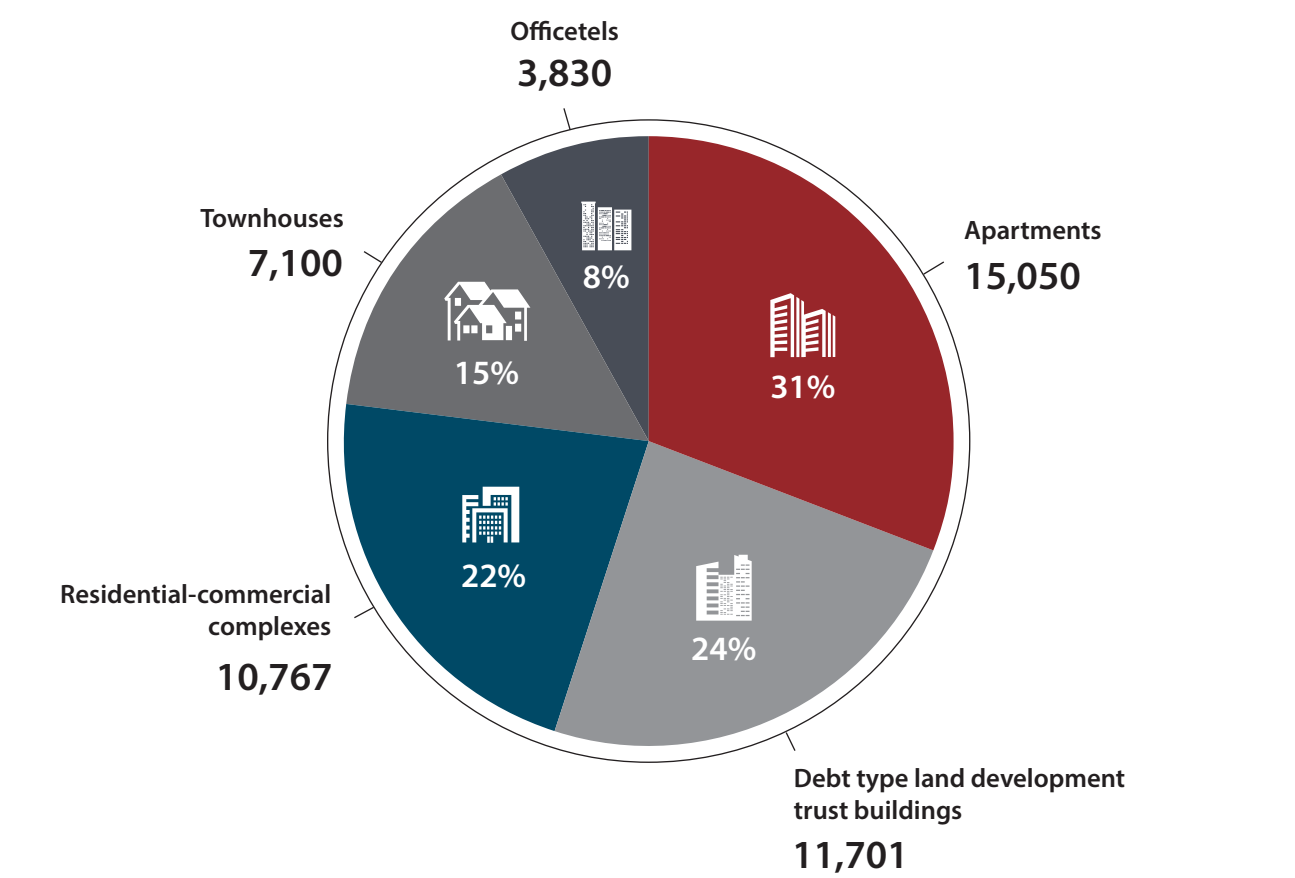
Contract Portfolio

Realizing Contract-winning Performance with Residential Properties at Center

Classifying Debt type land development trust projects won in 2015 into different construction types, residential properties accounted for 68% -- apartments (31%), mixed-use buildings with residential and commercial purposes (22%) and townhouses (15%).

KORAMCO REITs & Trust is concentrating its capacity on residential housing in areas with good location conditions and many potential buyers. We also offer a stable product portfolio that includes profitable real estate such as studio apartments and mixed-use facilities.

Classification of Fund Debt Type Land Development Trust Projects Won in 2015 by Construction Types [Unit: KRW in millions]

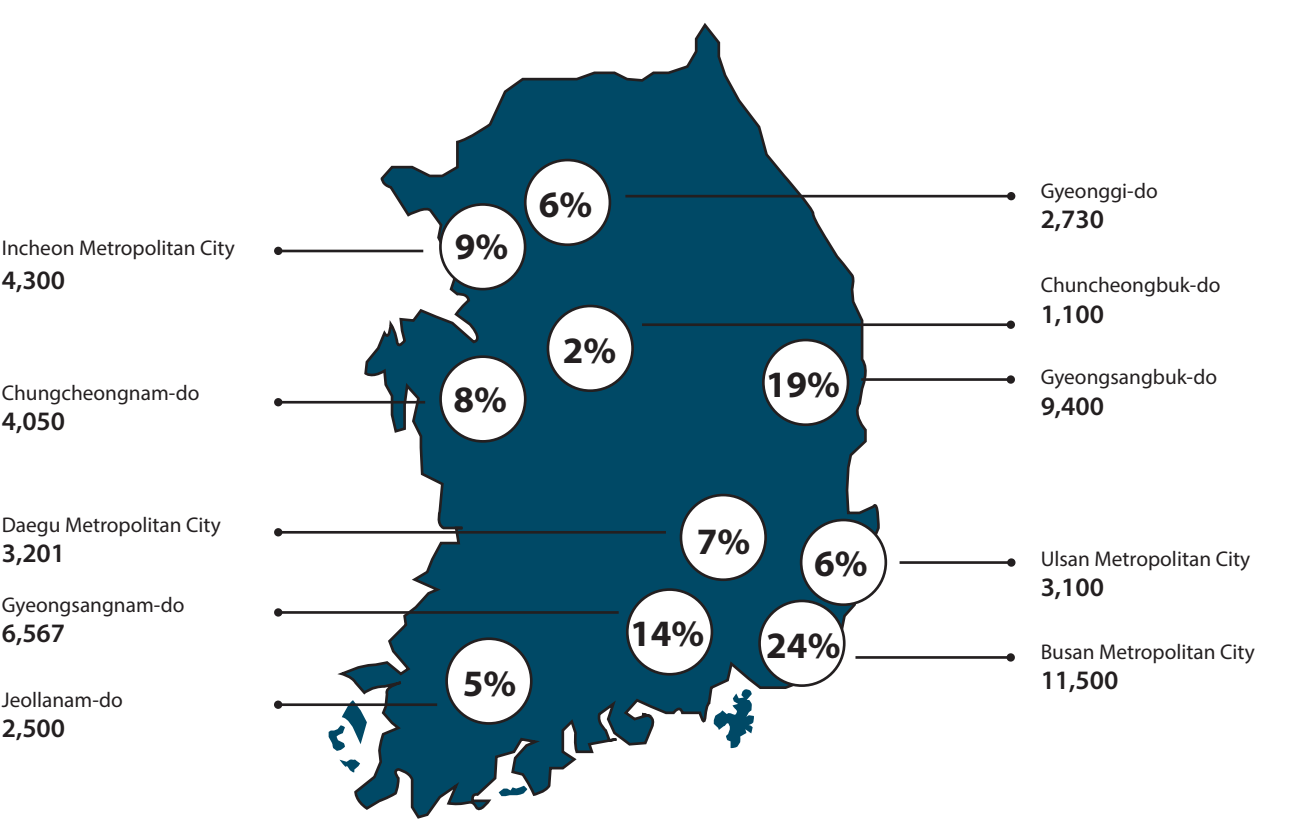


Conducting Projects across Nation

Considering salability and business stability, KORAMCO REITs & Trust is conducting projects throughout the nation, from the Seoul area to regional metropolitan cities and small towns.

As of 2015, construction was underway at 36 sites across the nation. Construction work at 15 sites was smoothly completed. Nine projects won in the second half of 2015 include apartments, mix-use buildings, townhouses and studio apartments and the construction will start according to plans.

Status of New Debt type Land Development Trust Investment Trusts in 2015 [Unit: KRW in millions]



Trust Business

Major Projects in 2015 [Ongoing Projects]

Daelim Comfortable World Boryeong



Project overview	Apartments in Dongdae-dong, Boryeong, Chungcheongnam-do
Project type	Debt type land development trust
Construction scale	Nine apartment buildings (B2/14~20F), accessory facilities
Location	187-2, Dongdae-dong, Boryeong, Chungcheongnam-do
Contractor	Daelim Industrial

The site's accessibility is great since there are a metropolitan transportation network, local roads, and national roads such as Seohaean Expressway, Daecheon IC, Daecheon Station and Boryeong Express Bus Terminal around this area. Various amenities and convenience facilities located within a 3km radius makes its residential conditions excellent. Existing residential complexes nearby is becoming superannuated, and there is sparking off demand for new housing.

Gumi Doryang Misozium Complex 1 and 2



Project overview	Complex-type townhouse in Doryang-dong, Gumi
Project type	Debt type land development trust
Construction scale	Complex-type townhouse (B1/6F (530 households))
Location	368-3, Doryang-dong, Gumi, Gyeongsangbuk-do (Lot 37)
Contractor	SG Shinsung E&C

The site has great accessibility to downtown Gumi and the Gumi Industrial Complex Area. There is a good metropolitan transportation network connected to the KTX (Gimcheon Station) and Gimcheon Innovation City. In addition, various amenities and convenience are located within a 1km radius. This area has good middle and high schools as well.

Busan Jeonggwan New City Joeun Plus



Project overview	Complex in Gijang-gun, Busan
Project type	Debt type land development trust
Construction scale	Complex B5/13F(1 Building)
Location	717-5, Maehakri, Jeonggwan-myeon, Gijang, Busan
Contractor	Hongwoo E&C

The site's accessibility is great since the building is located on a corner of an intersection where Jeonggwan Road, which is the main road of the Jeonggwan New City, crosses Jeonggwan Jungang Road, which connects Busan and Ulsan. The complex building's location is attractive because the residential population is growing as new housing is being supplied to areas which about the site.

Busan Jeonpo-dong Dongyang Palace



Project overview	Building for residential and commercial purposes in Jeonpo-dong, Busanjin-gu, Busan
Project type	Debt type land development trust
Construction scale	Apartment (B1/25F (46 households)), urban housing (78 households), studio apartment (41 rooms), neighborhood facility (82 pyeong)
Location	194-7, Jeonpo-dong, Busanjin-gu, Busan
Contractor	Dongyang Castle Co.

The site has great accessibility and connectivity because it has a subway station where Subway Lines No.1 and 2 cross. Various amenities are within a 1.5km radius. As the local real estate market prospers, this area is experiencing an influx of residential population and high demand for downtown service workers.

Trust Business

Major Projects in 2015 [Ongoing Projects]

Gimhae Castle Arista Palace



Project overview	Building with residential and commercial purposes in Dongsang-dong, Gimhae
Project type	Debt type land development trust
Construction scale	Apartment buildig B3/20F (214 houses), sales facilities (484.24㎡)
Location	1117, Dongsang-dong, Gimhae, Gyeongsangnam-do
Contractor	Daeyang E&C

This area has a metropolitan transportation network connected to Busan, Changwon, and Yangsan via the Busan-Gimhae Light Rail Transit's National Museum Station and Namhae Expressway's East Gimhae IC. The site has various amenities located within a 2km radius. Demand for residential housing is high since the supply of new housing has been in shortage since 2005.

Shopping Center in Gwangju and Jeonnam Innovation City



Project overview	Shopping center in Gwangju and Jeonnam Innovation City
Project type	Debt type land development trust
Construction scale	Complex B1/6F(1 building)
Location	203-2, Bitgaram-dong, Naju, Jeollanam-do
Contractor	Daeyang E&C

Accessibility is great since the site adjoins KTX stations (Naju and Songjeong) and a metropolitan transportation network such as National Highway Route No.1 and Honam Expressway. 15 public institutions and 500 related companies, such as Korea Electric Power Corporation moved into the area, giving a strong basis for robust and consistent demand.

Sacheon Phoenix Central Mark



Project overview	Building with residential and commercial purposes in Donggeum-dong, Sacheon
Project type	Debt type land development trust
Construction scale	Apartment building (B4/20F (133households), 18studio apartments, neighborhood facilities (231pyeong)
Location	83-8, Donggeum-dong, Sacheon, Gyeongsangnam-do
Contractor	Dong-A E&C

This area adjoins a metropolitan transportation network with Namhae Expressway Sacheon IC. It is easy for people to access the central and southern regions through Jinju IC from here. Various amenities are located within a 1km radius. Demand for residential housing is strong because public institutions and commercial facilities are concentrated in the area.

Incheon Nonhyeon-dong Laon Famille



Project overview	Apartment buildings in Nonhyeon-dong, Namdong-gu, Incheon
Project type	Debt type land development trust
Construction scale	18 apartment buildings for 298 households (B1/4F)
Location	765-1, Nonhyeon-dong, Namdong-gu, Incheon
Contractor	Jeongwoo E&C

The site's transportation conditions are excellent since the buildings are close to the 3rd Gyeongin Expressway, Gojan TG, Yeongdong Expressway, and a Suin railroad station. The area has a pleasant residential environment with abundant cultural facilities and good schools. Thus, the area is preferred as a new residential area.

Trust Business

Major Projects in 2015 [Ongoing Projects]

Gyeongju Oedong Miso Zium



Project overview	Apartment buildings in in Oedong-eup, Gyeongju
Project type	Debt type land development trust
Construction scale	Apartment buildings for 793households and neighborhood facilities (432pyeong)
Location	65-1, Ipsil-ri, Oedong-eup, Gyeongju, Gyeongsangbuk-do and six other lots
Contractor	SG Shinsung E&C

With the expansion of a metropolitan transportation network near Oedong-eup, transportation conditions have improved greatly. Demand for residential housing is high because a nearby industrial complex has about 800 subcontractors of large companies, such as Hyundai Heavy Industries and Hyundai Motor Company, and 25,000 people.

Icheon The Well I



Project overview	The Well I Studio Apartment Building in Icheon
Project type	Debt type land development trust
Construction scale	340-room studio apartment building (B4/20F) and urban housing for 19 households
Location	729-2, Ami-ri, Bubal-eup, Icheon, Gyeonggi-do
Contractor	Jipyong E&C

This area is close to Icheon IC. It is easy to access downtown and other areas by bus from here since bus stops are located within a 500m radius. People working in an industrial complex favor this area, fueling demand for residential housing in this area. The industrial complex includes SK Hynix and Hyundai Elevator.

Financial Performance and Risk Management

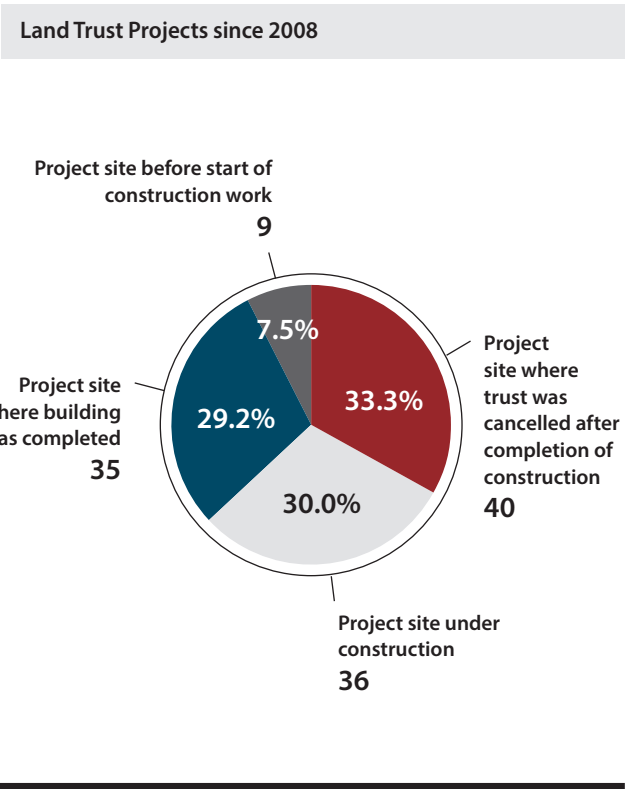
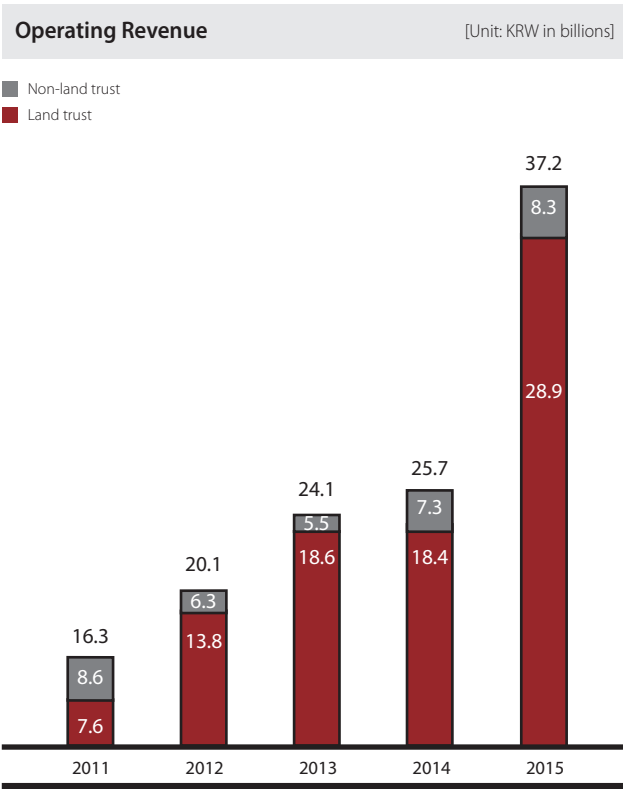
Achieving 44.7% Increase in Operating Revenue Year on Year

The operating revenue of the trust division in 2015 was KRW 37.2 billion, a year on year increase of 44.7%. In particular, Land trust business and related consulting service business posted 77.7% of total operating revenue.

The trust division has been continuously growing by exceeding sales revenue of KRW 20 billion in 2012 and posting KRW 30 billion in sales revenue in 2015. Since 2011, the operating revenue has grown an average of 33.1% a year.

Differentiated Contract-winning and Management System

Through a differentiated contract-winning and management system, KORAMCO REITs & Trust has not had any insolvent projects since it landed a land trust contract in 2008. The company is also effectively responding to legal risks through close cooperation with in-house lawyers and prominent domestic law firms.



Trust Business

Housing Redevelopment Business [Status of Ongoing Projects]

Conducting Housing Reconstruction Projects as Project Agent for First Time among Trust Firms

The National Assembly passed some amendments to the Act on the Maintenance and Improvement of Urban Areas and Dwelling Conditions for Residents in September 2015, paving the way for trust companies to participate in urban development projects as project operators from March 2, 2016. The creation of two development teams under the urban development division led to an organizational structure for participation in housing redevelopment projects.

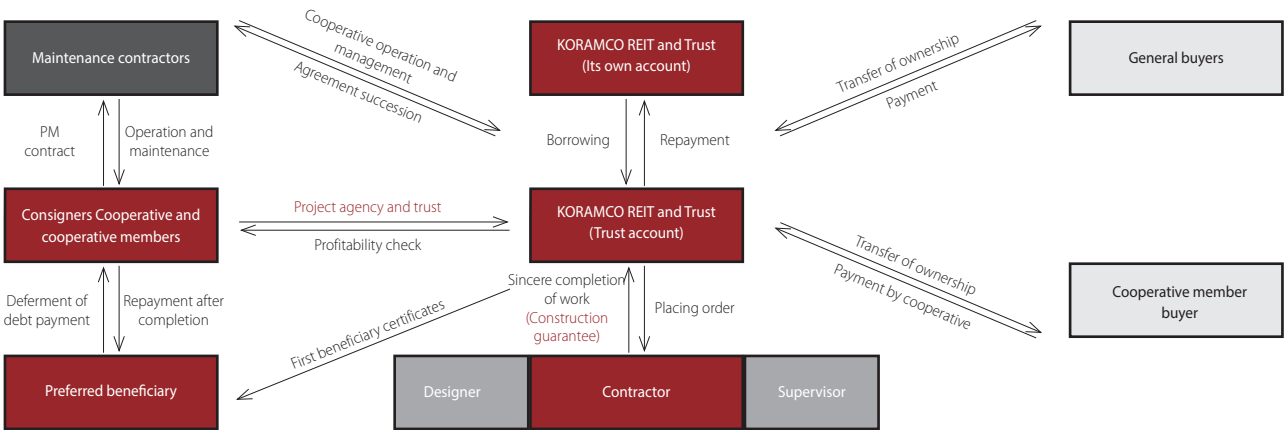


In December 2015, KORAMCO REITs & Trust joined a housing reconstruction project in Hogye-dong, Anyang, as a project agent for the first time among trust companies. This project is meaningful because the company participated in a housing reconstruction and development project for the first time among trust companies. KORAMCO REITs & Trust will become the best housing development partner not only by participating in development projects as a project agent, but by winning more contracts implemented as a single project operator.

Project Overview

Location	891-6, Hogye-dong, Dongan-gu, Anyang City
Scale	230 housing units

Business Structure



Status of Major Projects' Achievements

Category	Year	Location	Project Type	Construction Type	Business Scale	
					Total Floor Area(m ²)	Cost (KRW in billions)
Ulsan multipurpose building	2013	Sinjeong-dong, Ulsan	Sale-type land trust	Multipurpose	43,388	82.0
Urban lifestyle housing/studio apartment in central Cheongju	2013	Bongmyeong-dong, Heungdeok-gu, Cheongju	Sale-type land trust	Urban lifestyle housing/studio apartment	21,250	34.0
Sales facility in large residential area	2013	Chilseong-dong, Buk-gu, Daegu	Sale-type land trust	Sales facility	35,753	65.0
Town house in Dongtan	2013	Bansong-dong, Hwaseong, Gyeonggi-do	Sale-type land trust	Town house	15,283	58.4
Apartment in Yeongdeok housing development district	2013	Ugok-ri, Yeongdeok-eup, Yeongdeok-gun, Gyeongsangbuk-do	Sale-type land trust	Apartment housing	32,320	43.5
Urban lifestyle housing/studio apartment near subway station at Beomeo Intersection	2013	Beomeo-dong, Suseong-gu, Daegu	Sale-type land trust	Urban lifestyle housing/studio apartment	66,472	138.3
Studio apartment near Jangsan Station	2013	Jwa-dong, Haeundae-gu, Busan	Sale-type land trust	Studio apartment	30,859	56.3
Urban lifestyle housing near government building	2014	C4-2BL, C2-2BL, Living Zone 1-4, Sejong	Sale-type land trust	Urban lifestyle housing	21,030	41.4
Apartment with excellent education environment	2014	Wollak-dong, Namwon, Jeollabuk-do	Sale-type land trust	Apartment housing	40,095	57.7
Neighborhood living facility in central Daegu Technopolis area	2014	Daegu Technopolis CC-1BL	Sale-type land trust	Neighborhood living facility	19,936	33.5
Neighborhood living and entertainment facilities near subway station	2014	Gwaebeop-dong, Sasang-gu, Busan	Sale-type land trust	Complex facility	21,027	35.8
Urban lifestyle housing/studio apartment in front of district (gu) office	2014	Gimnyangjang-dong, Cheoin-gu, Yongin	Sale-type land trust	Urban lifestyle housing/studio apartment	17,872	49.1
Urban lifestyle housing in central Cheongju	2014	Bokdae-dong, Heungdeok-gu, Cheongju, Chungcheongbuk-do	Sale-type land trust	Urban lifestyle housing	23,769	43.7
Apartment along the Taehwagang, Ulsan	2014	Sinjeong-dong, Nam-gu, Ulsan	Sale-type land trust	Multipurpose	41,732	77.8
Daewoo Apartment in Namjang-ri, Hongseong	2014	Namjang-ri, Hongseong, Chungcheongnam-do	Sale-type land trust	Apartment housing	50,517	68.5
Daelim E-comfortable World Boryeong	2015	Dongdae-dong, Boryeong, Chungcheongnam-do	Sale-type land trust	Apartment housing	97,139	141.6
Gumi Doryang Misoziium Complex 1 and 2	2015	Doryang-dong, Gumi, Gyeongsangbuk-do	Sale-type land trust	Townhouses	48,356	89.0
Busan Jeonggwan New City Joeun Plus	2015	Maehak-ri, Jeonggwan-myeon, Busan	Sale-type land trust	Complex facility	54,021	108.2
Gimhae Castle Arista Palace	2015	Dongsang-dong, Gimhae, Gyeongsangnam-do	Sale-type land trust	Multipurpose	32,955	58.6
Gwangju and Jeonnam Innovation City Shopping Complex	2015	Bitgaram-dong, Naju, Jellanam-do	Sale-type land trust	Shopping complex	26,404	56.0
Sacheon Phoenix Central Mark	2015	Donggeum-dong, Sacheon, Gyeongsangnam-do	Sale-type land trust	Multipurpose	22,848	34.0
Incheon Nonhyeon-dong Laon Famille	2015	Nonhyeon-dong, Namdong-gu, Incheon	Sale-type land trust	Apartment housing	59,201	112.3
Gyeongju Oedong Miso Zium	2015	Oedong-eup, Gyeongju, Gyeongsangbuk-do	Sale-type land trust	Apartment housing	83,272	130.8
Icheon The Well 'I	2015	Bubal-eup, Icheon, Gyeonggi-do	Sale-type land trust	Studio apartment	20,614	37.5

Asset Management

Trends in Real Estate Asset Management Market

Continued Growth of Real Estate Funds

Despite the global economic recession, investment demand for alternative investment products is continuously growing. So is the growth of real estate funds, which are representative alternative investment products.

In the case of domestic real estate funds, the accumulated amount increased from KRW 14.0225 trillion in 2010 to KRW 34.9386 trillion in 2015 and posted an average annual growth rate of 20% during the period.

Increased Proportion of Foreign Investment

The overseas real estate funds set up by domestic asset management companies accounted for 32% of the total amount of all real estate funds set up in 2015. The proportion of foreign investment has steadily grown over the past five years. In addition, products and countries that we invest in are being diversified. KORAMCO Asset Management has set up three foreign real estate funds and is actively responding to changes in the market environment.

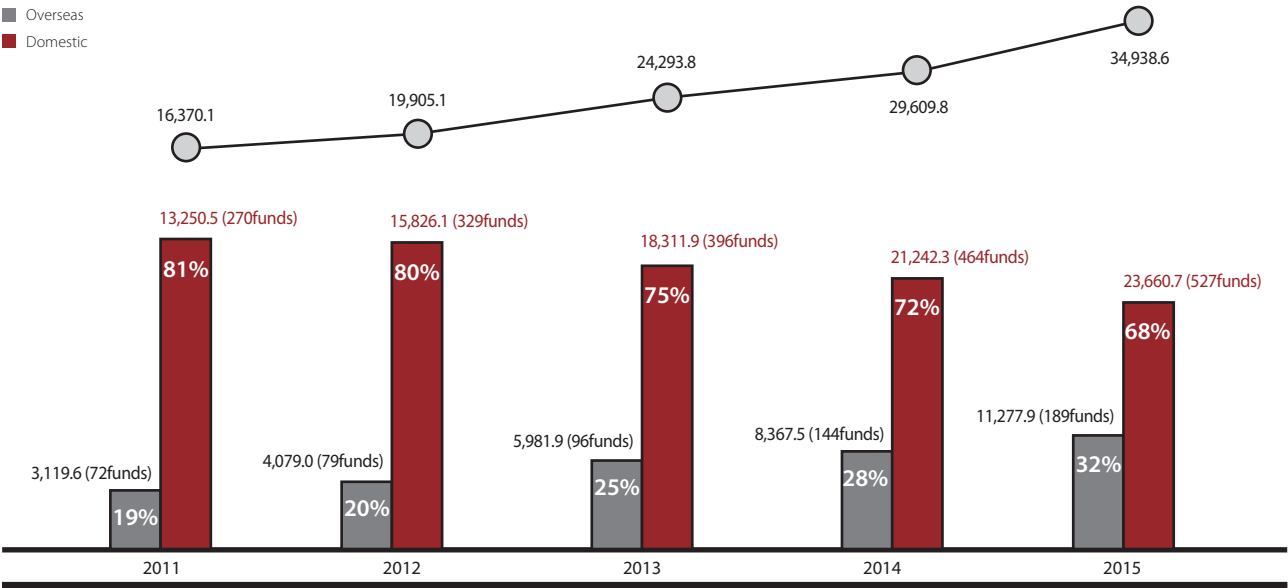
Assets under Management in Korean Real Estate Fund Market

Category		2011	2012	2013	2014	2015
All (under management)	No. of funds	342	408	492	608	716
	Amount of established funds(KRW in billions)	16,370	19,905	24,294	29,610	34,939
New	No. of funds	68	108	150	173	202
	Amount of established funds(KRW in billions)	2,362	3,161	4,246	4,489	4,909

Source: Korea Financial Investment Association

Ratios of Established Amounts of Real Estate Funds at Home and Abroad

[Unit: KRW in billions]



Status of KORAMCO Asset Management's Fund Establishment

Achieving KRW 1,598.7 billion in KORAMCO's Real Estate Funds

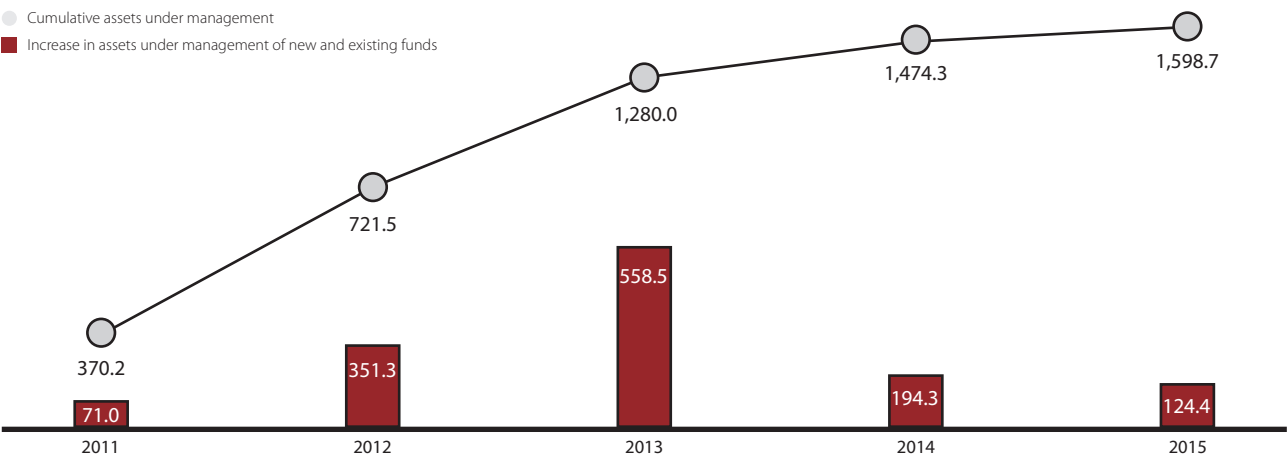
In 2015, KORAMCO Asset Management set up eight new real estate funds with total operating assets of KRW 409.0 billion and a new multi-asset fund amounting to KRW 3.1 billion. As of the end of December 2015, 26funds were under the management and the volume of operating assets increased to a total of KRW 1,598.7 billion.

Operation of Various Product Portfolios

KORAMCO Asset Management has become one of the best real estate asset management companies in Korea through the brand "FIRSTSTEP." The company established funds about overall real estate products, such as offices, stores, unsold apartments and PF loans. We have abundant management know-how suitable for each product.

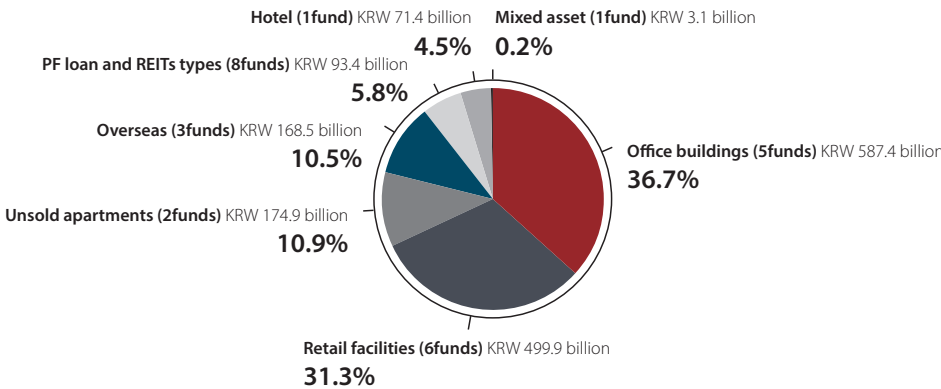
Assets under Management of KORAMCO's Real Estate Funds

[Unit: KRW in billions]



Management of KORAMCO Funds

[Unit: %]



Asset Management

Fund Establishment in 2015 [Foreign Fund Establishment]

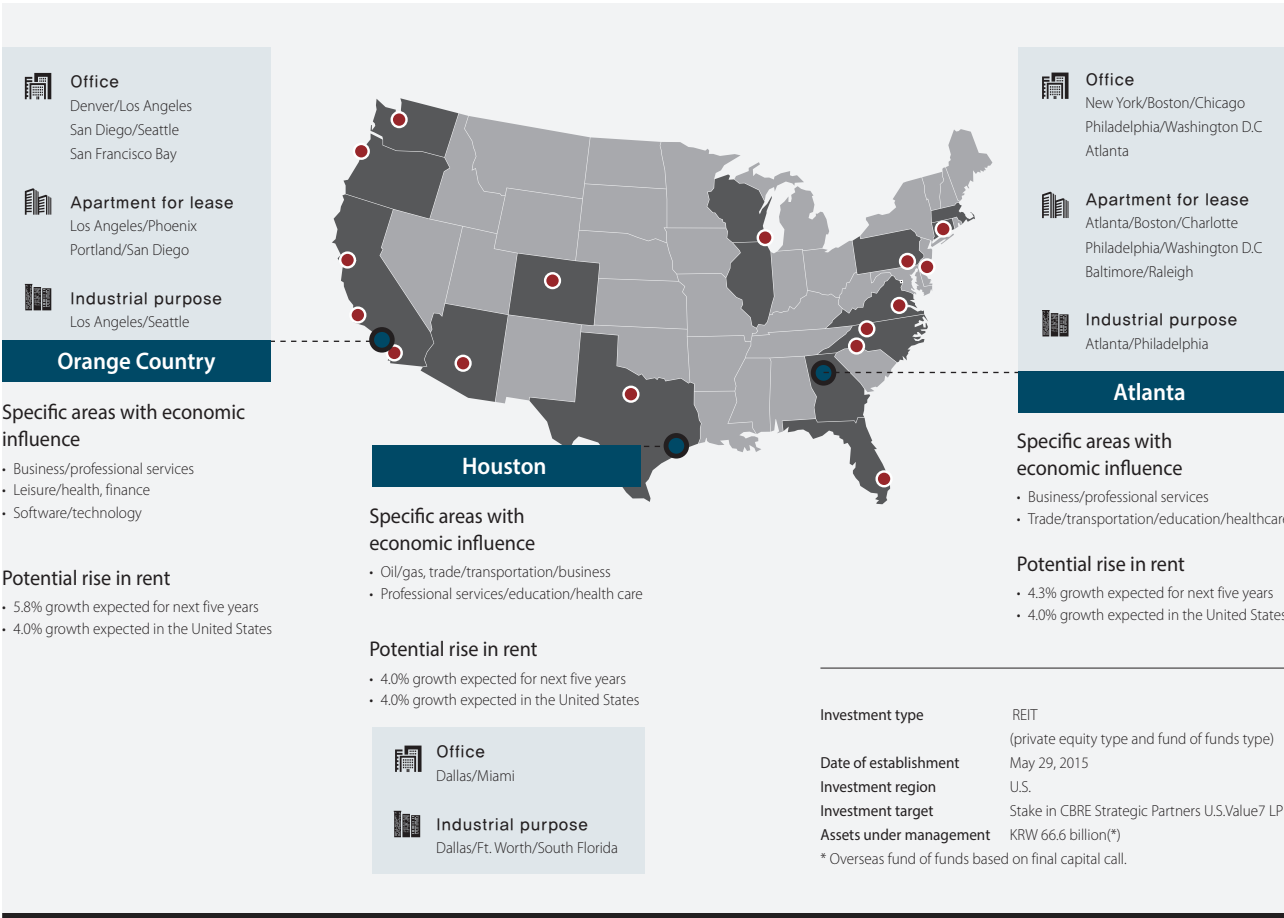
Achieving KRW 258.2 billion in Three Foreign Funds

As the result of continuous efforts to enter the overseas market, KORAMCO Asset Management set up three new funds of KRW 258.2 billion in three countries in 2015. Especially, KORAMCO Asset Management established a bridgehead to make a foray into the North American and European markets by establishing funds in the U.S. and Italy. Based on investment capabilities increased in the Korean market, KORAMCO Asset Management will develop itself into a global asset management company by actively developing and implementing foreign projects.

US Value Add No.1

US Value Add No.1 is a product established to make an equity investment as a limited partner in a limited real estate partnership under the management of CBRE Global Investor. KORAMCO Asset Management is planning to invest more than 80% of its entire portfolio in offices and apartments for leases. KORAMCO Asset Management is planning to invest 1% of about USD 60 million, which is the volume of the total investment collection. Through a value-added investment strategy that purchases high-quality real estate at a low price and increases asset value, KORAMCO Asset Management is seeking an earnings rate of 15% a year.

Major Investment Areas

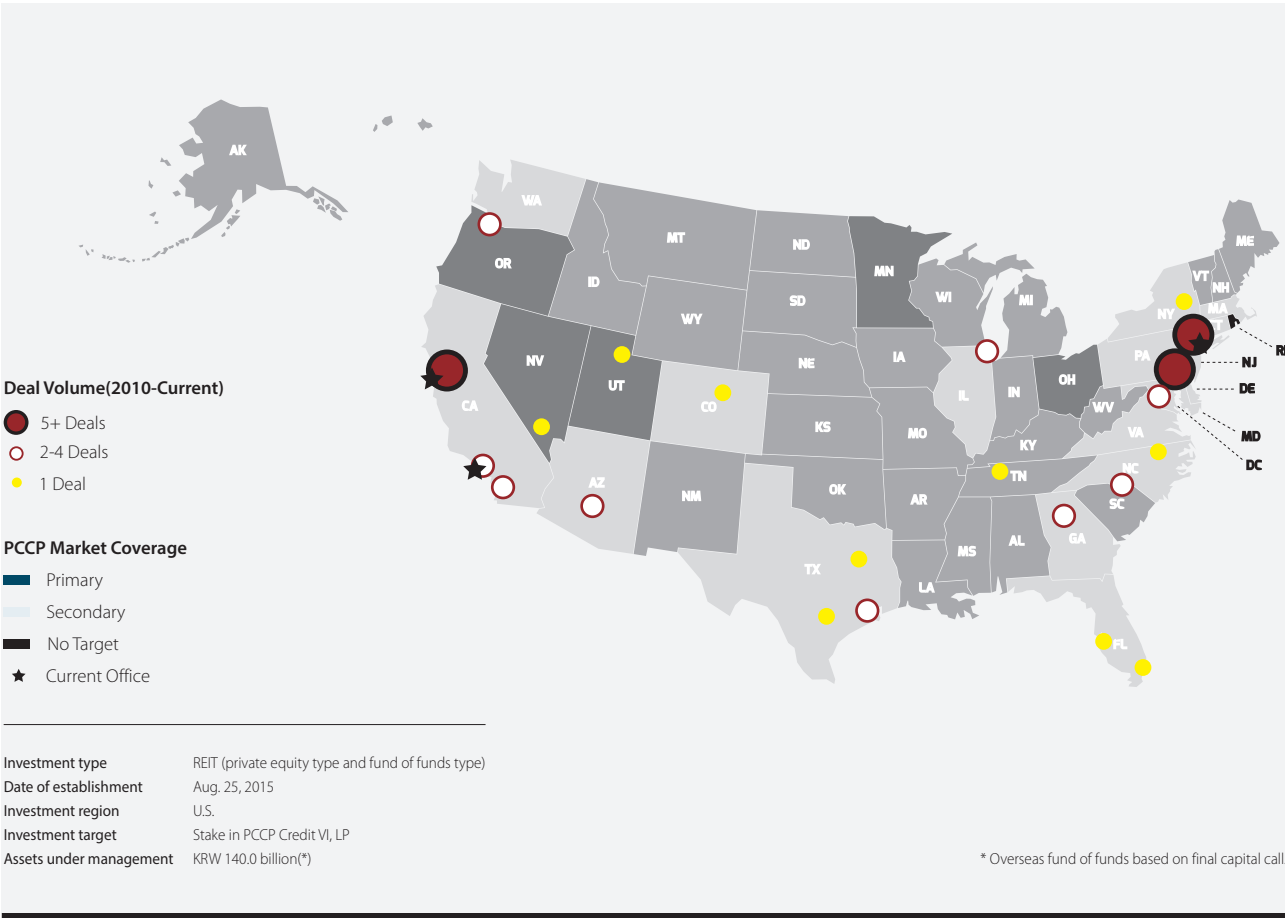


US Debt No.1

As PCCP's sixth commercial real estate loan fund, US Debt No.1 is a product established to make an equity investment as a limited partner in PCCP Credit VI (real estate private equity fund) managed by PCCP. PCCP provided real estate loans of USD 5.8 billion after 1998 and USD 1.9 billion after 2011. PCCP has achieved a total internal rate of return (IRR) of 19.7% since its foundation.

KORAMCO is planning to offer loans secured against offices, retail and industrial facilities, apartments, hotels, and complex facilities within the 2nd-tier market across the U.S., including the top 25 MSAs (Metropolitan Statistics Areas), with the goal of achieving a profit margin of around 10%.

Investment Type



Asset Management

Fund Establishment in 2015 [Foreign Fund Establishment]

Italy Debt No.1

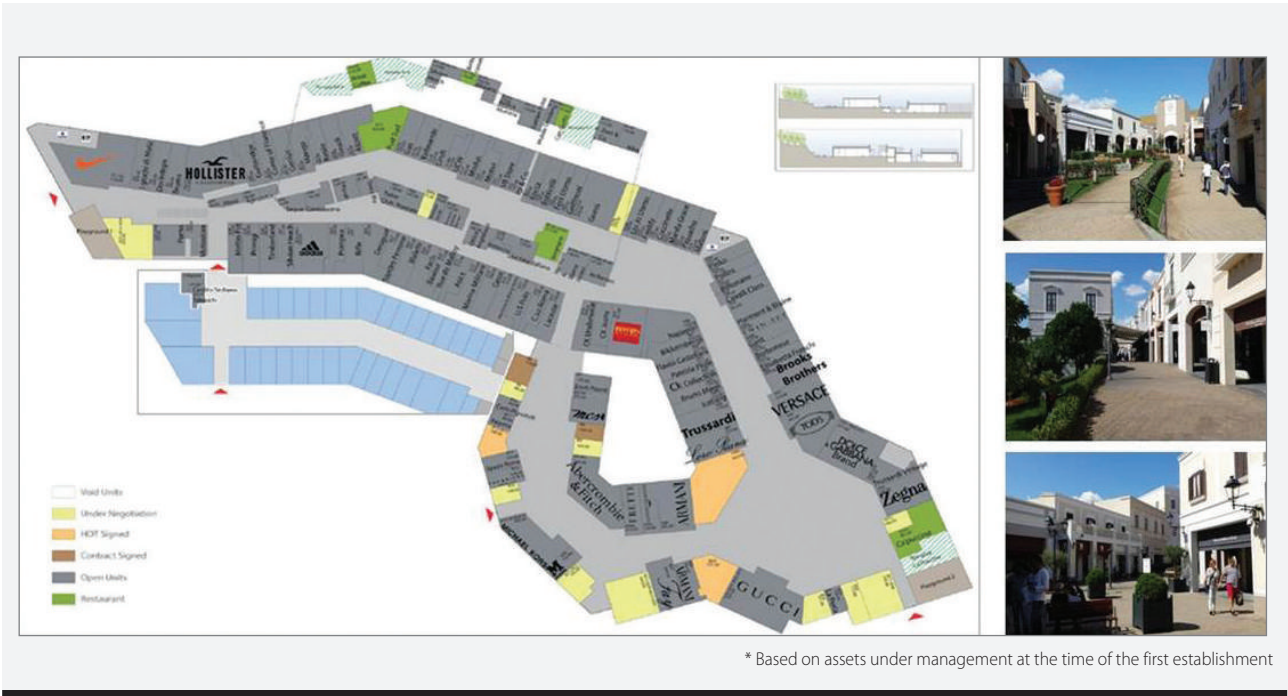
Italy Debt No.1 is a real estate investment trust product designed to invest in commercial mortgage-backed notes issued based on a loan which took Sicilia Outlet Village, a luxury outlet in Sicily, Italy, as security.

Sicilia Outlet Village sits in the middle of Palermo and Catania, which account for 60% of the population of Sicily. The outlet has 142stores on land of about 30,000m².

This outlet is planning to strengthen its position as a luxury outlet by expanding by 6,600m² (35stores) and enhancing MD. The expansion of the outlet, which is operated in a way to receive rents based on the volume of sales, is expected to contribute to increasing profitability.

Outlet Layout

Investment type	Fund (private equity type, other types)	Investment Area	Italy	Investment target	CMBS issued based on a senior loan whose security is 'Sicilia Outlet Village' in Italy
Date of establishment	Aug. 3, 2015	Assets under management	KRW 51.6 billion (*)		



Fund Establishment in 2015 [Domestic Fund Establishment]

FIRSTSTEP No.25

FIRSTSTEP No.25 is a real-type real estate fund operated after developing a large sale facility in Baegot New Town, Gyeonggi-do, and signing a long-term lease contract with a responsible lessee (Lotte Shopping's Lotte Mart).

KORAMCO Asset Management expects to enjoy stable dividend income through a 20-year lease agreement (master lease) with sound lessee Lotte Shopping.

Investment type	Fund (private equity type, development type)
Date of establishment	March 31, 2015
Investment target	Development of Lotte Mart in Bagot New City, Siheung (Commercial lot in Gunjas District, Jeongwang-dong, Siheung, Gyeonggi-do) A) Use: Sale facility B) Scale: 5 floors above ground / 1 basement floor C) Total floor area: 34,289.6m ² D) Assets under management: KRW 87.7 billion(*)



* Based on assets under management at the time of the first establishment [total investment (sale price + ancillary costs, etc.)

FIRSTSTEP No.26

FIRSTSTEP No.26 purchases and operates an office building in Bupyeong-gu, Incheon, which is under a master lease contract with Samsung Life Insurance. KORAMCO Asset Management expects to achieve stable dividend income through a long-term lease contract with the sound lessee.

This building is located in an area with continuous demand for offices and neighborhood facilities. Hence, it is expected that we can easily make profits by liquidating the building in the future.

Investment type	Fund (private equity type, lease type)
Date of establishment	February 6, 2015
Investment target	Bupyeong Building in Incheon (465-1, Bupyeong-dong, Bupyeong-gi, Incheon) A) Use: Business facility B) Scale: 8 floors above ground / 2 basement floors C) Total floor area: 4,952.88m ² D) Assets under management: KRW 13.5 billion(*)



Asset Management

Fund Establishment in 2015 [domestic fund establishment]

FIRSTSTEP No.31 and No.32

FIRSTSTEP No.31 and No.32 are products made to acquire common stocks of real estate investment companies that specialize in entrusted management for the development of the second Yangju Okjeong Housing Development project which develops apartments in the Okjeong-dong, Yangju, Gyeonggi-do.

The Korea Land & Housing Corporation confirmed the purchase of housing unsold three months after the completion of construction work to secure profit stability. KORAMCO Asset Management expects to receive a dividend income of more than 5% a year.

Investment type	Fund (private equity type, REITs type)
Date of establishment	October 27, 2015
Investment target	Common stocks of REIT targeting second housing development in Yangju Okjeong District by LH Corporation (Okjeong New City, Yangju, Gyeonggi-do)
Assets under management	KRW 19.6 billion



Professional Investment No.33

Professional Investment No.33 is a loan fund established for the development of a prime-level office building, which has a total floor area of 82,333m² (27floors above ground) and is located in Pyeong-dong, Jongno-gu, Seoul, as part of the urban environment development project.

In the case of a subordinated loan where KORAMCO Asset Management is participating, we can take big part of construction cost or marginal profits when contracted sale price is exceeded. KORAMCO Asset Management expects to have an average dividend yield ratio of 9% a year.

Investment type	Privately-Placed Investment Trust(private equity type, PF loan type)
Date of establishment	November 19, 2015
Investment target	Development of Gate Tower Office Building in Doneuimun (222, Pyeong-dong, Jongro-gu, Seoul) A) Use: Business and sales facility B) Scale: 27 floors above ground / 7 basement floors C) Total floor area: 82,333m ² D) Assets under management: KRW 30 billion



Financial Performance

Achieving KRW 4.8 billion in Operating Revenue

In 2015, KORAMCO Asset Management achieved KRW 4.8 billion in operating revenue by managing a total of 26funds, such as nine funds newly set up and 17 managed funds. Due to decreased fund commissions and fierce competitions in the market, where a whopping 25 real estate asset management companies competed against one another, operating revenue edged down compared to the previous year. However, KORAMCO Asset Management has been maintaining a stable financial structure by making a steady surplus since 2012.

Its current ratio and debt ratio, which are the stability indicators of KORAMCO Asset Management, improved by 63% and 29%, respectively, compared to the previous year. KORAMCO Asset Management, which has its owner's equity of KRW 10.7 billion, has secured a sound financial structure by adding KRW 4.9 billion to its minimum working capital of KRW 5.8 billion.

Growth Index

[Unit: KRW in billions]

	2011	2012	2013	2014	2015
Operating income	0.89	3.34	3.67	6.12	4.84
Net Income	-1.21	0.75	0.94	1.31	0.28
Total Assets	7.46	8.34	9.75	12.66	11.88
Equity Capital	7.43	8.18	9.11	10.42	10.71

Stability Index

[Unit: %, KRW in millions]

	2011	2012	2013	2014	2015
Current Ratio	18,319.7	4,676.0	1,341.3	517.2	844.3
Debt Ratio	0.5	2.0	7.0	17.6	11.0
Minimum Working Capital*	-	-	-	-	5,796
(Net Capital Ratio)	(1,243.4)	(940.8)	(708.5)	(561.5)	-

The Net Capital Ratio System for asset management companies was abolished and the Minimum Working Capital System was introduced in April 2015

- Net capital ratio: Recommended when the ratio does not reach 150%
- Minimum working capital: Recommended when equity capital does not reach minimum working capital

Asset Management

Going forward with Blind Fund

Based on customer trust secured through the stable management of project funds, KORAMCO Asset Management is promoting the establishment of blind funds that discover investment targets after raising funds.

A blind fund is an advanced fund that has an advantage of seizing investment opportunities through the rapid execution of capital and can actively and flexibly respond to rapidly changing market conditions.

Investment targets of the blind fund, which KORAMCO Asset Management wishes to establish, are the real estate of companies that need their financial structure improvement as well as the real estate assets of companies acquired by PEF.

This is the result of considering the latest changes in the economic environment, such as low growth and economic recession. KORAMCO Asset Management is planning to implement a strategy to realize stable profit by setting investment targets consisting mostly of core plus investment targets.

Blind Fund Investment Target

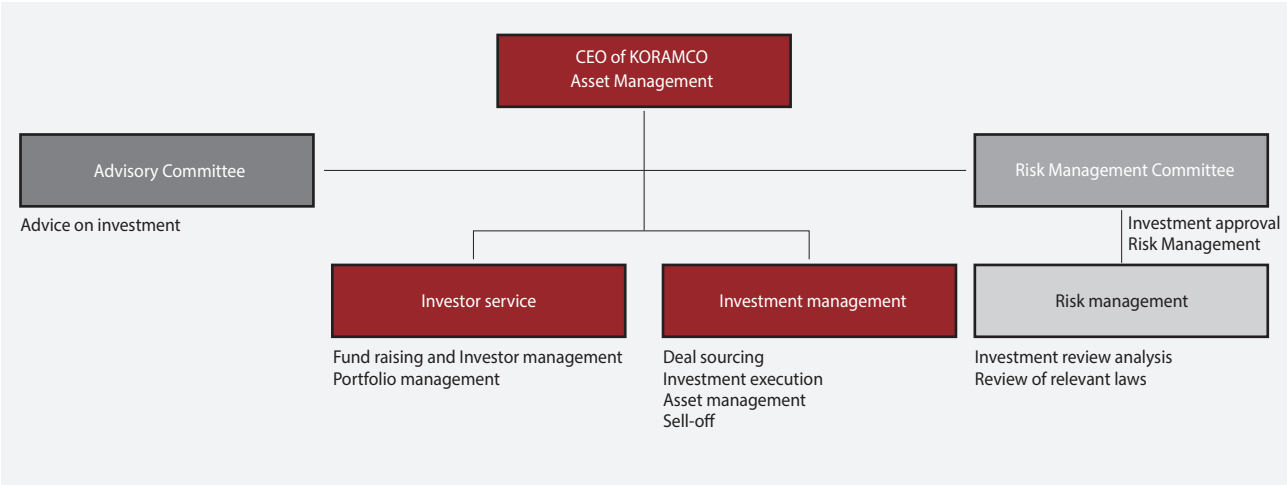
Category	Description
Investment target	Target investments we have special interest in <ul style="list-style-type: none">• Real estate owned by companies that need financial structure improvement• Real estate owned by companies acquired by PEF• Real estate for public sector restructuring
	Other real estate targets that can increase return on investment
Investment asset type	Offices, retails, and logistics facilities that can bring stable Core Plus-oriented profits
Investment area	Offices: Seoul, areas abutting Seoul, regional metropolitan cities Retail facilities: Seoul, areas abutting Seoul, regional metropolitan cities Logistics facilities: Logistics complexes under the "Act on the Development and Management of Logistics Facilities," and others
Investment restriction	Development risk assets: It is not allowed to invest in development projects equivalent to new construction. (However, pre-purchase is allowed.) Lease risk assets: Assets with a lease rate of 60% or less
Loan	LTV: Within 65% of total assets based on price of purchase and sale, within 70% of individual assets (including security deposit for lease)

※ The conditions above are subject to change in negotiation processes.

KORAMCO Asset Management established a systemized and differentiated deal pipeline management plan to successfully manage blind funds. For effective communication with investors, KORAMCO Asset Management is planning to establish an "investor service division" responsible for investor services, and to carry out thorough feasibility assessment and investment asset monitoring activities through a risk management committee.

In addition, it will strengthen external business partnership, which is the largest strength of KORAMCO Asset Management, and will continuously discover deals to increase investment stability and profitability through co-work among KORAMCO REITs, Trust, and Asset Management.

Blind Fund Operation Organization



Deal Pipeline

Deal sourcing via company analysis	Inquiries into real estate of companies which need to improve financial structures Collaboration with PEFs which take part in management Inquiries into real estate of government-run companies which need to improve financial structures
Deal sourcing via outside network	Deal sourcing via outside network <ul style="list-style-type: none">• Utilizing corporate information in concert with securities firms, accounting firms, law firms• Utilizing real estate information network built by KORAMCO
Deal sourcing via internal co-work	Utilizing strengths of KORAMCO, only general real estate company that covers REITs, trusts and asset management

Asset Management & REITs

Promotion of Blind Funds

Launching of KORAMCO Real Estate Investment Trust Fund No.1

In February 2016, KORAMCO Asset Management established a real estate blind fund of KRW 10 billion from individual investors for the first time in Korea.

With the launch of a pilot fund targeting individual investors, KORAMCO Asset Management is planning to establish a blind fund of KRW 100 billion targeting institutional investors. KORAMCO Asset Management will develop blind funds as its new growth engine.

Hyundai Card/Capital Hongdae Office Building

Hyundai Card/Capital Hongdae Office Building is located on the side of Yanghwa Road in Donggyo-dong, Seoul. The edifice has excellent location conditions and accessibility.

This building built by our REIT Division (Feb. 2016) will be transformed into a retail building through the remodeling of the second underground floor to the fourth floor. KORAMCO Asset Management expects to have stable profits through binding lease agreements with Hyundai Card and Hyundai Capital.

The blind fund will be managed through investment in equities of a real estate investment company that specializes in entrusted management and invests in the right to request the reimbursement of expenses of a trust company.



Building which Blind Fund Invested in

Establishment type	Entrusted management real estate investment entity
Establishment scale	KRW 75.7 billion
Construction sale	12 floors above ground / 3 basement floors
Location	Donggyo-dong, Mapo-gu, Seoul

Asset Management

REITs Business

Trust Business

Asset Management

Market Achievements
Major Projects
Financial Achievements
Outcomes of Strategy Implementation
Status of Fund Establishment

Establishment of Funds

FIRSTSTEP Fund Investment Details

[As of December 2015]

Fund Name	Year of Establishment	Investment Target	Type	Operating Assets (KRW in billions)	Total Floor Area(㎡)	Location
FIRSTSTEP No.1	2010	Yeongjong Xi Apartment	Lease	121.6	224,747	Incheon
FIRSTSTEP No.2	2010	Yeongjong Xi Apartment	Lease	53.4	224,747	Incheon
FIRSTSTEP No.3	2010	Seocho Art Xi Apartment	Lease	liquidation	68,978	Seoul
FIRSTSTEP No.4	2011	Shilla Building	Lease	41.6	21,707	Incheon
FIRSTSTEP No.5	2011	Pyeongtaek sand pier development PF loan	PF loan	4.6	121,560(site area)	Pyeongtaek
FIRSTSTEP No.6	2011	Busan Yangjeong Time Square	Lease	17.8	9,984	Busan
FIRSTSTEP No.7	2012	Homeplus Sadang	Lease	150.8	44,594	Seoul
FIRSTSTEP No.8	2012	Songdo Central Park 1 commercial facilities	Lease	58.9	22,612	Incheon
FIRSTSTEP No.9	2012	Hyundai Group Building	Lease	255.7	52,469	Seoul
FIRSTSTEP No.10	2012	Hotel to be developed by Seobu T&D	Development	liquidation	59,246	Seoul
FIRSTSTEP No.11	2013	Iksan Bear River Golf Resort development project PF loan	PF loan	0.5	2,476,102(site area)	Iksan
FIRSTSTEP No.12	2012	Dongyang Tourist Hotel	Lease	liquidation	4,457	Jeju
FIRSTSTEP No.13	2013	Ito Tower	Lease	64.9	17,649	Incheon
FIRSTSTEP No.14	2013	Hotel Inter-Burgo Exco	Lease	71.4	54,875	Daegu
FIRSTSTEP No.16	2013	SEI Tower/Glass Tower co-owned share	Lease	259.4	41,439/20,656	Seoul
FIRSTSTEP No.18	2014	Asan Bus Terminal commercial complex	Lease	92.0	52,728	Asan, Chuncheongnam-do
FIRSTSTEP Special Asset No.2	2014	Business beneficiary right	Special asset	liquidation	-	-
FIRSTSTEP No.20	2014	Bauhaus Jangan	Lease	87.9	12,328	Seoul
FIRSTSTEP No.22	2014	Cho-dong Parnas Hotel development PF loan	PF loan	34.3	25,629	Seoul
FIRSTSTEP No.23, 24	2014	Yangju Okjeong District housing development REITs	REITs	13.0	-	Yangju, Gyeonggi-do
FIRSTSTEP No.25	2015	Siheung Baegot New Town Lotte Mart development project	Development	45.4	34,290	Siheung, Gyeonggi-do
FIRSTSTEP No.26	2015	Incheon Bupyeong building	Lease	13.5	4,953	Incheon
FIRSTSTEP No.31, 32	2015	Yangju Okjeong District 2nd housing development REITs	REITs	11.0	-	Yangju, Gyeonggi-do
Professional Investment No.33	2015	Donuimun Gate Tower development PF loan	PF loan	30.0	82,333	Seoul
Public Offering Fund No.1	2015	Public offering fund	Multi-asset	3.1	-	-
US Value Add No.1	2015	CBRE Strategic Partners U.S. Value 7 LP	Foreign (fund of funds)	63.3	-	The U.S.
Italy Debt No.1	2015	Italy Sicily outlet CMBS	Foreign (loan)	51.3	-	Italy
US Debt No.1	2015	PCCP Credit VI, LP	Foreign (fund of funds)	53.8	-	The U.S.

FINANCIAL PERFORMANCE

03

LEADING THE WAY TO THE FUTURE

KORAMCO began its business as a REIT and asset management company and grew into the best real estate finance company by making a foray into the real estate trust and trust management business. Now, we will grow into a world-class financial company that fairly competes with leading asset management companies around the world in the global market.

By valuing customer trust than instant profit and taking a long-term view, we will create a sustainable future where both KORAMCO and all of its stakeholders.

Overview of Financial Performances on a Consolidated Basis	Financial Position of KORAMCO REITs & Trust	Financial Position of KORAMCO Asset Management	Financial Statements of KORAMCO REITs & Trust	Financial Statements of KORAMCO Asset Management
66	70	72	74	82





FIRSTEP real estate fund No.16
534, Teheran-ro,
Gangnam-gu, Seoul



Glass Tower

KORAMCO's history is

none other than the history of Korea's real estate finance.

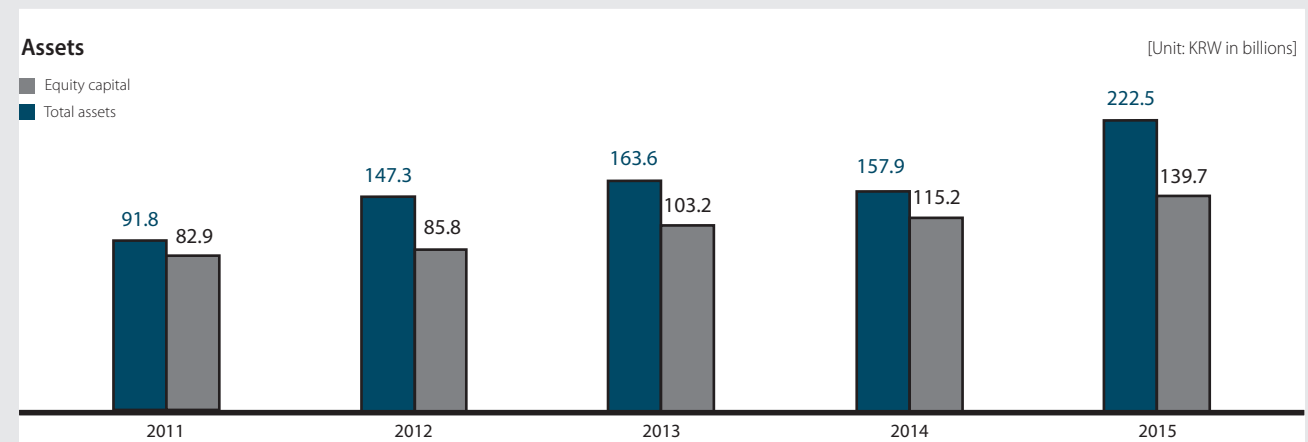
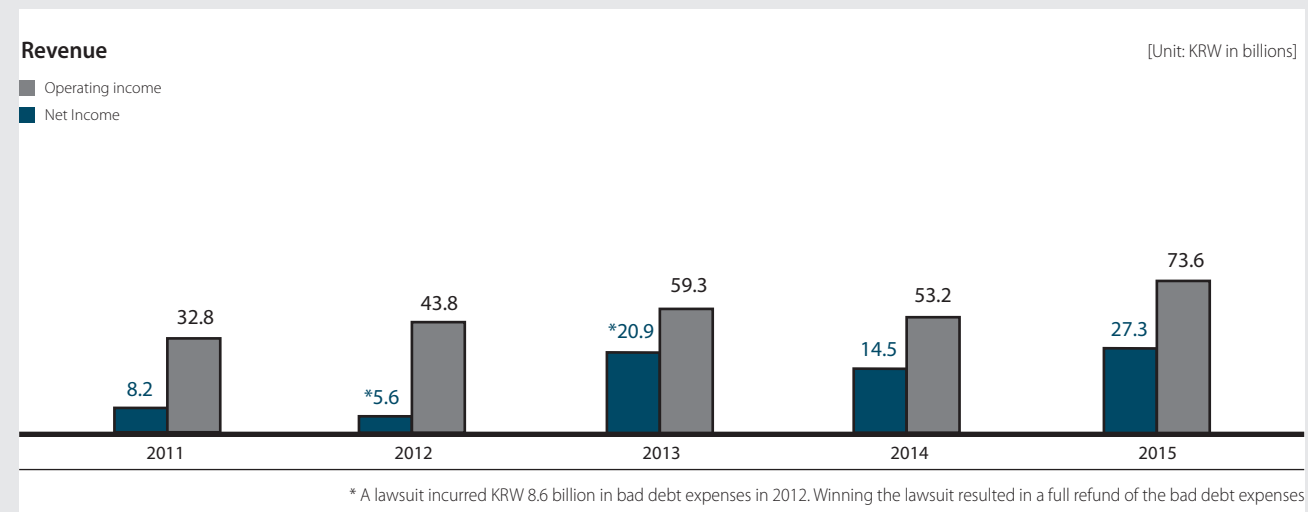
GLASS TOWER

Overview of Financial Performances on a Consolidated Basis

Growth

In 2015, KORAMCO REITs & Trust enjoyed increases in all of sales, equity capital, and total assets. Despite fierce competition in the market, KORAMCO REITs & Trust achieved KRW 73.6 billion in consolidated operating revenue, a year-on-year increase of 38.3% by actively engaging in sales activities and providing differentiated services.

KORAMCO REITs & Trust posted KRW 139.7 billion in equity capital, a year-on-year increase of 21.3% and KRW 222.5 billion in total assets, a year-on-year increase of 41.0% increase due to continued profit gains and increased loans in the trust business.



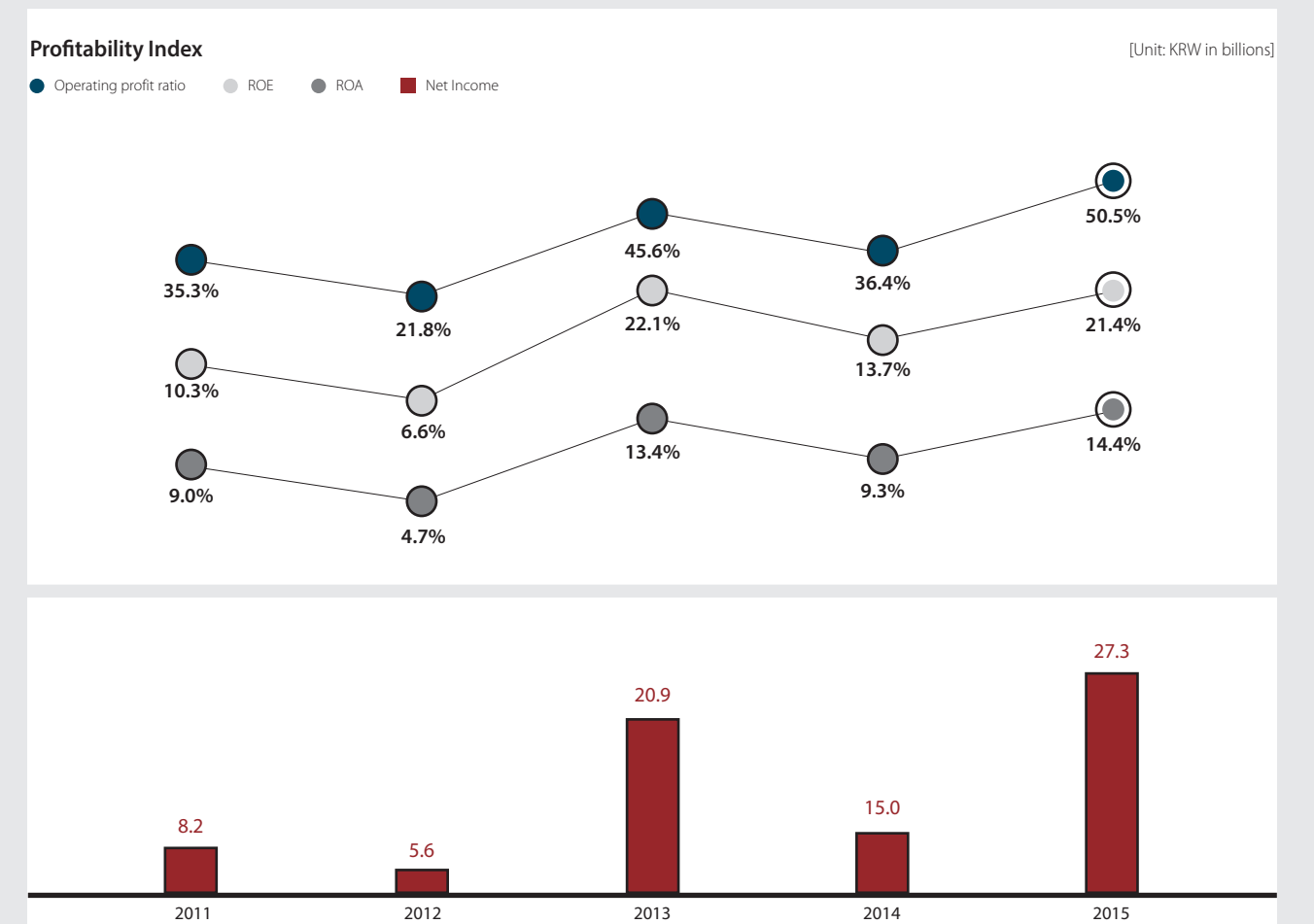
Overview of Financial Performances on a Consolidated Basis

Financial Position of KORAMCO REITs & Trust

Financial Position of KORAMCO Asset Management

Profitability

In 2015, KORAMCO REITs & Trust recorded KRW 27.3 billion in net income during economic uncertainty at home and abroad, proving its capabilities to generate stable profits. In addition, the company posted a ratio of operating profit to net sales of 50.5%, an ROE of 21.4% and an ROA of 14.4% as the result of appropriate capital structure management and effective asset management.



Operating profit ratio = operating profit / operating revenue x 100
ROE = {Net profit / (equity capital at beginning of year + equity capital at end of year) / 2} x 100
ROA = {Net profit / (assets at beginning of year + assets at end of year) / 2} x 100

Overview of Financial Performances on a Consolidated Basis

Stability (Financial Soundness)

The Financial Supervisory Service selects management indicators by financial sectors and requires finance companies to comply with the indicators in order to maintain the finical soundness of finance firms. According to the management indicators, a trust company has to maintain a net capital ratio (NCR) of 150% or higher and the equity capital of an asset management company has to exceed its minimum working capital.

In 2015, KORAMCO REITs & Trust's NCR was 584.1% which dwarfed the management standard of 150% set by the Financial Supervisory Service. KORAMCO Asset Management's equity capital was KRW 10.7 billion, which exceeded the minimum working capital of KRW 5.8 billion, and this proves KORAMCO Asset Management's financial health.

KORAMCO is stably managing its current ratio and debt ratio through internal management standards and will keep strengthening its financial soundness in the future through systematic risk management.

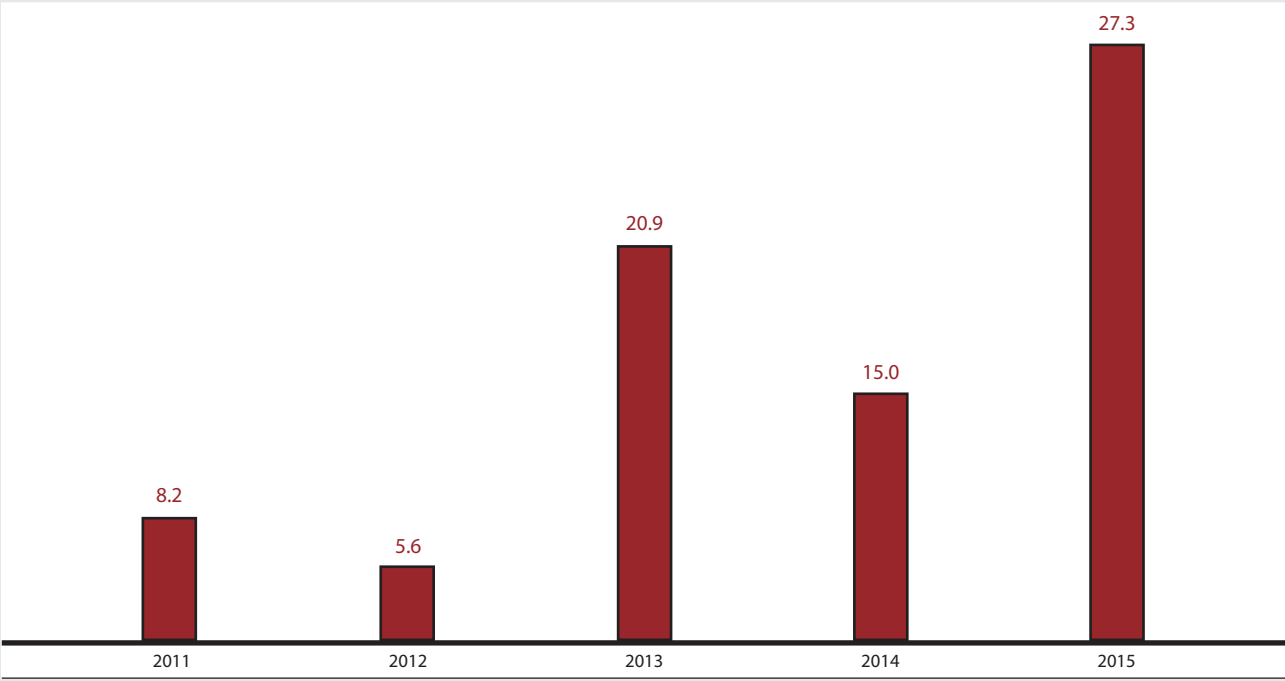
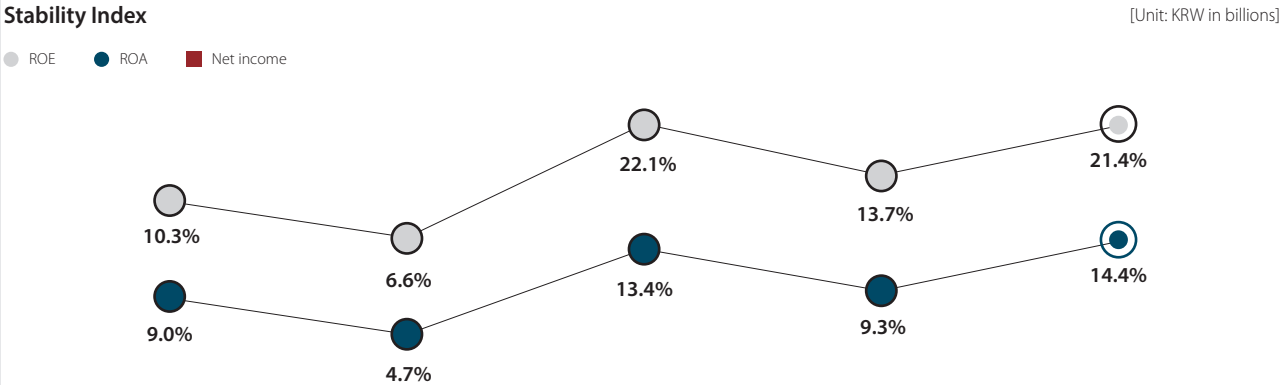
Stability Index		[Unit: %]				
		2011	2012	2013	2014	2015
KORAMCO REITs & Trust	NCR	880.8	587.3	497.1	588.3	584.1
	Current ratio	615.4	196.9	154.6	269.3	201.0
	Debt ratio	10.4	70.1	57.1	35.2	58.8
KORAMCO Asset Management	Minimum working capital*	KRW 5.8 billion				
	NCR	1,243.4	940.8	708.5	561.5	N/A
	Current ratio	18,319.7	4,676.0	1,341.3	517.2	844.3
	Debt ratio	0.5	2.0	7.0	17.6	11.0

* In April 2015, the regulation index on financial soundness of asset management firms changed to minimum working capital from a net capital ratio

Overview of Financial Performances on a Consolidated Basis

Financial Position of KORAMCO
REITs & Trust

Financial Position of KORAMCO
Asset Management



Financial Position of
KORAMCO REITs & Trust

Financial Conditions

In 2015, KORAMCO REITs and Trust's total assets were worth KRW 220.6 billion, up 42.1% or KRW 65.4 billion from KRW 155.2 billion in the previous year. Cash equivalents increased by KRW 20.1 billion year-on-year while available-for-sale financial assets grew by KRW 10.6 billion. Loans, most of which were loans to trust accounts, ballooned by KRW 27.4 billion.

Total liabilities grew by KRW 41.2 billion year-on-year to KRW 816.0 billion. The expansion of the trust business led to an increase of KRW 20 billion in borrowings & bonds payable. Other liabilities grew by KRW 21.2 billion due to an increase in advance payments and income taxes payable. Total stockholders' equity reached KRW 138.9 billion, an increase of 21.0% or KRW 24.1 billion from KRW 114.8 billion in the previous year. Share capital stood at KRW 10 billion which was a repeat from the previous year. Retained earnings swelled by KRW 24 billion.

On the other hand, the company resolved to pay a cash dividend of KRW 1,500per a share (a dividend ratio of 30%) and a stock dividend of KRW 250per a share (a dividend ratio of 5%) and pay them in February 2016.

Statements of Financial Position Summary					[Unit: KRW in millions]
Accounts	2015	2014	Increase or Decrease	YoY(%)	
Cash and Deposits	41,466	21,396	20,070	93.8	
Available-for-sale Financial Assets	56,292	45,666	10,627	23.3	
Investment in Subsidiaries	10,000	10,000	-	-	
Loans Sold	85,292	57,927	27,365	47.2	
Tangible & Intangible Assets	8,272	8,184	88	1.1	
Other Assets	19,251	12,041	7,210	59.9	
Total Assets	220,573	155,213	65,360	42.1	
Borrowing	45,000	25,000	20,000	80.0	
Other Liabilities	36,648	15,422	21,226	137.6	
Total Liabilities	81,648	40,422	41,226	102.0	
Capital Stock	10,000	10,000	-	-	
Retained Earnings	127,185	103,150	24,035	23.3	
Other Capital	1,741	1,642	99	6.0	
Total Stockholders' Equity	138,926	114,791	24,134	21.0	
Total Liabilities and Stockholders' Equity	220,573	155,213	65,360	42.1	

Sales and Profit & Loss

Operating revenues were KRW 68.7 billion, an increase of 46.0% over the year from KRW 47.1 billion in the previous year. Operating revenues from REITs swelled 46.9% year on year while those from trust operation increased, 44.7%. In general, commission income soared to KRW 59.8 billion from KRW 41.1 billion in 2014. In addition, financial income (interest and dividends among others) rose 48.9% to KRW 9 billion.

Operating expenses jumped 9.4% to KRW 32 billion from the year before. Earnig before taxes and net income ballooned 109.9% and 104.8% to KRW 36.4 billion and KRW 27.0 billion.

Statements of Income Summary					[Unit: KRW in millions]
Accounts	2015	2014	Increase or Decrease	YoY(%)	
1. Operating Revenue	68,725	47,074	21,650	46.0	
(1) Fee Revenue	59,765	41,060	18,705	45.6	
Asset Management Revenue	22,525	15,329	7,196	46.9	
Trust Revenue	35,918	24,595	11,323	46.0	
Administrative Service Fee	1,322	1,135	187	16.5	
(2) Financial Revenue	8,953	6,015	2,939	48.9	
(3) Other Operating Revenue	6	-	6	-	
2. Operating Expense	31,996	29,242	2,754	9.4	
3. Operating Income	36,729	17,832	18,896	106.0	
4. Non-operating Income	214	0	213	-	
5. Non-operating Expense	529	485	44	9.0	
6. Income Before Income Tax	36,413	17,347	19,066	109.9	
7. Income Tax	9,384	4,152	5,233	126.0	
8. Net Income	27,029	13,195	13,833	104.8	

Financial Position of KORAMCO Asset Management

Financial Conditions

In 2015, KORAMCO Asset Management' total assets stood at KRW 11.9 billion, a decrease of 6.1% compared with the previous year. Cash equivalents and available-for-sale financial assets expanded by KRW 400 million and KRW 1 billion, respectively. Financial assets at fair value through profit or loss dropped by KRW 1.5 billion.

Total liabilities fell by KRW 1.1 billion to KRW 1.2 billion from the previous year. Total stockholders' equity grew 2.7% compared to the previous year. Share capital stood at KRW 10 billion as in the previous year while retained earnings swelled by KRW 300 million.

Statements of Financial Position Summary [Unit: KRW in millions]				
Accounts	2015	2014	Increase or Decrease	YoY(%)
Cash and Deposits	8,479	8,043	436	5.4
Financial Assets at Fair Value through Profit or Loss	170	1,651	(1,481)	(89.7)
Available-for-sale Financial Assets	1,218	200	1,018	509.0
Loans Sold	115	145	(30)	(20.7)
Tangible & Intangible Assets	416	581	(165)	(28.4)
Other Assets	1,486	2,037	(550)	(27.0)
Total Assets	11,885	12,656	(772)	(6.1)
Derivatives Liabilities	-	907	(907)	-
Other Liabilities	1,180	1,326	(147)	(11.1)
Total Liabilities	1,180	2,234	(1,054)	(47.2)
Capital Stock	10,000	10,000	-	-
Retained Earnings	854	570	284	49.9
Other Capital	(149)	(147)	(2)	-
Total Stockholders' Equity	10,705	10,422	283	2.7
Total Liabilities and Stockholders' Equity	11,885	12,656	(772)	(6.1)

Overview of Financial Performances
on a Consolidated Basis

Financial Position of KORAMCO
REITs & Trust

Financial Position of KORAMCO
Asset Management

Sales and Income Status

Operating revenues dropped by KRW 1.3 billion (20.9%) to KRW 4.8 billion won from KRW 6.1 billion in the previous year. Commission income inched down 3.7% while financial income (interest and dividends) shrank 68.2% year on year.

Operating expenses declined 4.5% to KRW 4.4 billion compared to the previous year. Income before income Taxes and net income dropped 74.1% and 78.3% to KRW 400 million and KRW 300 million year on year, respectively.

Statements of Income Summary [Unit: KRW in millions]				
Accounts	2015	2014	Increase or Decrease	YoY(%)
1. Operating Revenue	4,839	6,117	(1,278)	(20.9)
(1)Fee Revenue	4,321	4,488	(167)	(3.7)
(2)Financial Revenue	518	1,629	(1,111)	(68.2)
2. Operating Expense	4,391	4,596	(205)	(4.5)
3. Operating Income	448	1,521	(1,073)	(70.6)
4. Non-operating Income	0	30	(30)	(99.8)
5. Non-operating Expense	46	-	46	-
6. Income before Income Taxes	402	1,551	(1,149)	(74.1)
7. Income Taxes	117	241	(124)	(51.4)
8. Net Income	284	1,310	(1,025)	(78.3)

KORAMCO REITs & Trust

Consolidated Statement
of Financial Position

As of December 31, 2015 and 2014

KORAMCO REITs & Trust Co., Ltd. and Consolidated Affiliates			[Unit: KRW]
Accounts	2015	2014	
Assets			
I . Cash and Deposits	49,945,544,248	29,439,049,051	
II . Financial Assets at Fair Value through Profit or Loss	169,990,900	1,650,776,050	
III . Available for Sale Financial Assets	57,510,495,065	45,865,587,108	
IV . Loans Sold	85,406,942,534	58,071,544,479	
V . Tangible Assets	1,835,724,354	2,340,405,879	
VI . Intangible Assets	6,879,965,393	6,451,479,995	
VII . Deferred Income Tax Assets	722,279,144	646,251,045	
VIII . Other Assets	20,015,027,143	13,431,431,299	
Total Assets	222,485,968,781	157,896,524,906	
Liabilities			
I . Borrowings	45,000,000,000	25,000,000,000	
II . Derivative Liabilities	-	907,447,420	
III . Income Tax Payables	7,501,176,414	2,586,082,018	
IV . Other Liabilities	30,326,110,547	14,161,874,377	
Total Liabilities	82,827,286,961	42,655,403,815	
Stockholders' Equity			
I . Capital Stock	10,000,000,000	10,000,000,000	
II . Capital Surplus	555,239,200	555,239,200	
III . Capital Adjustment	(102,096,000)	(102,096,000)	
IV . Accumulated Other Comprehensive Income	1,138,376,563	1,041,197,563	
V . Retained Earnings	128,067,162,057	103,746,780,328	
Controlling Interest	128,067,162,057	103,746,780,328	
Non-controlling Interest	-	-	
Total Stockholders' Equity	139,658,681,820	115,241,121,091	
Total Stockholders' Equity	222,485,968,781	157,896,524,906	

KORAMCO REITs & Trust

Consolidated Statement of
Comprehensive Income

For the Years Ended December 31, 2015 and 2014

KORAMCO REITs & Trust Co., Ltd. and Consolidated Affiliates			[Unit: KRW]
Accounts	2015	2014	
I . Operating Revenue	73,563,623,765	53,191,657,896	
1. Fee Revenue	64,086,160,370	45,548,029,158	
Asset Management Revenue	26,845,879,886	19,817,363,269	
Trust Revenue	35,918,137,855	24,595,315,360	
Administrative Service Fees	1,322,142,629	1,135,350,529	
2. Financial Revenue	9,471,352,284	7,643,628,738	
Interest Income	6,228,265,122	5,262,194,772	
Dividend Income	2,903,804,554	948,033,389	
Other Financial Revenue	339,282,608	1,433,400,577	
3. Other Operating Revenue	6,111,111	-	
Reversal of Other Asset Allowance for Doubtful Accounts	6,111,111	-	
II . Operating Expenses	36,386,851,867	33,831,502,096	
1. Financial Expenses	1,517,168,352	3,586,900,961	
Interest Expenses	1,444,306,712	1,825,506,233	
Other Financial Expenses	72,861,640	1,761,394,728	
2. Bad Debt Expenses	3,565,706,316	49,250,000	
3. General & Administrative Expenses	31,099,157,682	30,171,839,886	
4. Other Operating Expenses	204,819,517	23,511,249	
Other Bad Debt Expenses	180,206,097	23,511,249	
Others	24,613,420	-	
III . Operating Income	37,176,771,898	19,360,155,800	
IV . Non-operating Income	213,574,915	30,052,969	
V . Non-operating Expenses	574,958,519	485,158,238	
VI . Income before Income Tax	36,815,388,294	18,905,050,531	
VII . Income Tax	9,501,387,565	4,392,750,931	
VIII . Consolidated Net Income	27,314,000,729	14,512,299,600	
1. Net Income in Controlling Interest	27,314,000,729	14,512,299,600	
2. Net Income in Non-controlling Interest	-	-	
IX . Comprehensive Income	97,179,000	527,709,000	
1. Items that May be Reclassified Subsequently to Profit or Loss	97,179,000	527,709,000	
Gain on Valuation of Available-for-sale Financial Assets	97,179,000	527,709,000	
X . Total Comprehensive Income	27,411,179,729	15,040,008,600	
1. Total Comprehensive Income in Controlling Interest	27,411,179,729	15,040,008,600	
2. Total Comprehensive Income in Non-controlling Interest	-	-	
XI . Earnings per Share			
Basic and Diluted Earnings per Share	13,686	7,272	

Consolidated Statement of Cash Flows

For the Years Ended December 31, 2015 and 2014

KORAMCO REITs & Trust Co., Ltd. and Consolidated Affiliates [Unit: KRW]

Accounts	2015	2014
I .Cash Flows from Operating Activities	15,724,852,025	42,509,741,002
1. Income before Income Taxes	36,815,388,294	18,905,050,531
2. Adjustments for Non-cash Items	(2,707,359,382)	(2,309,997,378)
Interest Expenses	1,444,306,712	1,825,506,233
Interest Income	(6,228,265,122)	(5,262,194,772)
Dividend Income	(2,903,804,554)	(948,033,389)
Gain on Valuation of Held for Trading Securities	-	(955,967,050)
Tangible Assets Depreciation	656,901,949	676,086,634
Intangible Assets Depreciation	195,038,038	185,259,201
Bad Debt Expenses	3,565,706,316	49,250,000
Other Bad Debt Expenses	180,206,097	23,511,249
Impaired Loss on Intangible Assets	347,874,393	318,455,200
Losses on Disposition of Tangible Assets	838,800	16,734,588
Reversal of Provision for Doubtful Accounts	(6,111,111)	-
Losses on Valuation of Financial Assets at Fair Value through Profit or Loss	39,949,100	-
Impairment Losses on Available for Sale Financial Assets	-	849,400,000
Losses on Disposition of Financial Assets Available for Sale	-	4,547,308
Losses on Valuations of Derivatives	-	907,447,420
3. Changes in Operating Assets and Liabilities	(21,442,935,937)	26,515,458,242
Financial Assets at Fair Value through Profit or Loss	533,388,629	(694,809,000)
Lending to Trust Account	(31,293,104,371)	23,790,563,702
Other Receivables	(6,693,001,011)	626,745,535
Advance Payments	(66,711,880)	2,169,120
Prepaid Expenses	(34,361,588)	(5,471,826)
Prepaid Taxes	-	8,519,360
Other Payables	(54,040,741)	56,254,231
Accrued Expenses	201,730,123	(101,510,926)
Advance from Customers	14,617,556,683	2,790,746,056
Customers' Deposits-Taxes and Dues	1,345,608,219	42,251,990

[Unit: KRW]

Accounts	2015	2014
4. Receipt of Interest	6,236,608,771	4,947,534,874
5. Payment of Interest	(1,390,924,826)	(1,873,522,430)
6. Payment of Income Taxes	(4,689,729,449)	(4,622,816,226)
7. Receipt of Dividends	2,903,804,554	948,033,389
II . Cash Flows from Investing Activities	(2,356,284,887)	(15,645,504,799)
1. Cash Inflows from Investing Activities	31,594,406,508	6,614,997,945
Decrease in Deposits	25,253,248,508	3,658,365,163
Decrease in Employee Loans	692,000,000	605,250,000
Decrease in Other Loans	-	280,000,000
Disposal of Financial Asset Available for Sale	1,599,000,000	1,995,452,692
Disposal of Tangible Assets	2,118,000	25,614,090
Decrease in Deposits	4,048,040,000	50,316,000
2. Cash Outflows from Investing Activities	(33,950,691,395)	(22,260,502,744)
Increase in Deposits	15,384,795,565	10,000,000,000
Increase in Employee Loans	300,000,000	711,500,000
Acquisition of Financial Asset Available for Sale	13,012,298,606	11,054,126,655
Acquisition of Other Tangible Assets	155,177,224	382,340,469
Acquisition of Intangible Assets	146,980,000	90,970,000
Acquisition of Memberships	931,440,000	11,223,620
Increase in Deposits Provided	4,020,000,000	10,342,000
III . Cash Flows from Financing Activities	17,006,381,000	(24,342,393,010)
1. Cash Inflows from Financing Activities	115,256,988,766	60,144,573,379
Borrowing Loans	115,256,988,766	60,144,573,379
2. Cash Outflows from Financing Activities	(98,250,607,766)	(84,486,966,389)
Repayment of Loans	95,256,988,766	81,493,347,389
Payment of Cash Dividends	2,993,619,000	2,993,619,000
IV . Net Increase (or Decrease) in Cash and Cash Equivalents	30,374,948,139	2,521,843,193
V . Cash and Cash equivalents at Beginning of Year	14,309,800,544	11,787,957,351
VI . Cash and Cash equivalents at End of Year	44,684,748,683	14,309,800,544

KORAMCO REITs & Trust

Statement of
Financial Position

As of December 31, 2015 and 2014

KORAMCO REITs & Trust Co., Ltd. [Unit: KRW]		
Accounts	2015	2014
Assets		
I . Cash and Deposits	41,466,055,058	21,395,756,592
II . Financial Asset Available for Sale	56,292,407,108	45,665,587,108
III . Investments in Subsidiaries	10,000,000,000	10,000,000,000
IV . Loans Sold	85,291,942,534	57,926,544,479
V . Tangible Assets	1,629,021,922	2,083,748,593
VI . Intangible Assets	6,642,736,538	6,100,128,533
VII . Deferred Income Tax Assets	697,100,667	646,251,045
VIII . Other Assets	18,554,090,937	11,394,906,260
Total Assets	220,573,354,764	155,212,922,610
Liabilities		
I . Borrowings Liabilities	45,000,000,000	25,000,000,000
II . Income Tax Payables	7,470,766,451	2,362,110,558
III . Other Liabilities	29,176,979,996	13,059,415,531
Total Liabilities	81,647,746,447	40,421,526,089
Stockholders' Equity		
I . Capital Stock	10,000,000,000	10,000,000,000
II . Capital Surplus	702,663,200	702,663,200
III . Capital Adjustment	(102,096,000)	(102,096,000)
IV . Accumulated Other Comprehensive Income	1,140,117,163	1,041,197,563
V . Retained Earnings	127,184,923,954	103,149,631,758
Total Stockholders' equity	138,925,608,317	114,791,396,521
Total Liabilities and Stockholders' Equity	220,573,354,764	155,212,922,610

KORAMCO REITs & Trust

Statement of
Comprehensive Income

For the Years Ended December 31, 2015 and 2014

KORAMCO REITs & Trust Co., Ltd. [Unit: KRW]		
Accounts	2015	2014
I . Operating Revenue	68,724,711,727	47,074,411,551
1. Fee Revenue	59,765,203,875	41,059,738,015
Asset Management Revenue	22,524,923,391	15,329,072,126
Trust Revenue	35,918,137,855	24,595,315,360
Administrative Service Fees	1,322,142,629	1,135,350,529
2. Financial Revenue	8,953,396,741	6,014,673,536
Interest Income	6,061,276,152	5,066,640,147
Dividend Income	2,892,120,589	948,033,389
3. Other Operating Revenue	6,111,111	-
Reversal of Other Asset Allowance for Doubtful Accounts	6,111,111	-
II . Operating Expenses	31,996,150,965	29,242,269,777
1. Financial Expenses	1,444,306,712	2,679,453,541
Interest Expenses	1,444,306,712	1,825,506,233
Other Financial Expenses	-	853,947,308
2. Bad Debts Expenses	3,565,706,316	49,250,000
3. General & Administrative Expenses	26,782,024,517	26,501,353,878
4. Other Operating Expenses	204,113,420	12,212,358
Other Bad Debt Expenses	179,500,000	12,212,358
Loss on Termination of Contract	24,613,420	-
III . Operating Income	36,728,560,762	17,832,141,774
IV . Non-operating Income	213,520,832	26,555
V . Non-operating Expenses	529,038,769	485,158,238
VI . Income before Income Taxes	36,413,042,825	17,347,010,091
VII . Income Taxes	9,384,131,629	4,151,570,091
VIII . Net Income	27,028,911,196	13,195,440,000
IX . Other Comprehensive Income	98,919,600	527,709,000
1. Items That Will be Reclassified to Profit or Loss	98,919,600	527,709,000
Gain on Valuation of Available-for-Sale Financial Assets (Effect of Income Taxes in 2015 (-)27,900,400 2014 (-)148,841,000)	98,919,600	527,709,000
X . Total Comprehensive Income	27,127,830,796	13,723,149,000
XI . Net Income per Share		
Basic and Diluted Earnings per Share	13,543	6,612

Statement of
Cash Flows

For the Years Ended December 31, 2015 and 2014

KORAMCO REITs & Trust Co., Ltd.			[Unit: KRW]
Accounts	2015	2014	
I . Cash Flows from Operating Activities	14,332,238,121	42,532,596,022	
1. Income before Income Taxes	36,413,042,825	17,347,010,091	
2. Adjustments for Non-cash Items	(2,699,515,503)	(2,172,020,707)	
Interest Expenses	1,444,306,712	1,825,506,233	
Interest Income	(6,061,276,152)	(5,066,640,147)	
Dividend Income	(2,892,120,589)	(948,033,389)	
Tangible Assets depreciation	581,908,526	588,269,124	
Intangible Assets Depreciation	185,777,352	178,278,018	
Bad Debt Expenses	3,565,706,316	49,250,000	
Other Bad Debt Expenses	179,500,000	12,212,358	
Losses on Disposition of Tangible Assets	838,800	16,734,588	
Impaired Loss on Intangible Assets	301,954,643	318,455,200	
Reversal of Provision for Doubtful Accounts	(6,111,111)	-	
Impairment Losses on Available for Sale Financial Assets	-	4,547,308	
Losses on Disposition of Financial Assets Available for Sale	-	849,400,000	
3. Changes in Operating Assets and Liabilities	(22,615,836,511)	27,942,109,554	
Lending to Trust Account	(31,293,104,371)	23,790,563,702	
Other Receivables	(7,321,117,370)	1,826,700,175	
Advance Payments	(66,298,580)	2,169,120	
Prepaid Expenses	501,231	(1,229,972)	
Other Payables	(26,980,510)	29,194,000	
Accrued Expenses	201,227,002	(135,953,054)	
Advance from Customers	14,388,454,578	2,419,081,741	
Customers' Deposits-Taxes and Dues	1,501,481,509	11,583,842	
4. Receipt of Interest	6,087,577,305	4,946,592,971	
5. Payment of Interest	(1,390,924,826)	(1,873,522,430)	
6. Payment of Income Taxes	(4,354,225,758)	(4,605,606,846)	
7. Receipt of Dividends	2,892,120,589	948,033,389	

			[Unit: KRW]
Accounts	2015	2014	
II . Cash Flows from Investing Activities	(1,268,320,655)	(16,594,549,715)	
1. Cash Inflows from Investing Activities	26,408,158,000	5,625,992,782	
Decrease in Deposits	20,127,000,000	2,690,000,000	
Decrease in Employee Loans	632,000,000	605,250,000	
Decrease in Other Loans	-	280,000,000	
Disposal of Financial Asset Available for Sale	1,599,000,000	1,995,452,692	
Disposal of Tangible Assets	2,118,000	25,614,090	
Decrease in Deposits	4,048,040,000	29,676,000	
2. Cash Outflows from Investing Activities	(27,676,478,655)	(22,220,542,497)	
Increase in Deposits	10,127,000,000	10,000,000,000	
Increase in Employee Loans	270,000,000	711,500,000	
Acquisition of Financial Asset Available for Sale	12,099,000,000	11,054,126,655	
Acquisition of Other Tangible Assets	130,138,655	358,860,222	
Acquisition of Intangible Assets	98,900,000	74,580,000	
Acquisition of Memberships	931,440,000	11,223,620	
Increase in Deposits Provided	4,020,000,000	10,252,000	
III . Cash Flows from Financing Activities	17,006,381,000	(24,342,393,010)	
1. Cash Inflows from Financing Activities	115,256,988,766	60,144,573,379	
Increase in Borrowings	115,256,988,766	60,144,573,379	
2. Cash Outflows from Financing Activities	(98,250,607,766)	(84,486,966,389)	
Decrease in Borrowings	95,256,988,766	81,493,347,389	
Payment of Cash Dividends	2,993,619,000	2,993,619,000	
IV . Net Increase (or Decrease) in Cash and Cash Equivalents	30,070,298,466	1,595,653,297	
V . Cash and Cash Equivalents at Beginning of Year	11,392,756,592	9,797,103,295	
VI . Cash and Cash Equivalents at End of Year	41,463,055,058	11,392,756,592	

Statement of
Financial Position

As of December 31, 2015 and 2014

KORAMCO Asset Management Co., Ltd. [Unit: KRW]		
Accounts	2015	2014
I . Assets		
1. Cash and Deposits	8,479,489,190	8,043,292,459
2. Financial Asset Available for Sale	169,990,900	1,650,776,050
3. Financial Asset Available for Sale	1,218,087,957	200,000,000
4. Loans Sold	115,000,000	145,000,000
5. Tangible Assets	206,702,432	256,657,286
6. Intangible Assets	209,196,216	323,925,532
7. Other Assets	1,460,936,206	2,036,525,039
8. Deferred Income Tax Assets	25,178,477	-
Total Assets	11,884,581,378	12,656,176,366
II . Liabilities		
1. Derivative Liabilities	-	907,447,420
2. Other Liabilities	1,179,540,514	1,326,430,306
Total Liabilities	1,179,540,514	2,233,877,726
III . Stockholders' Equity		
1. Capital Stock	10,000,000,000	10,000,000,000
2. Capital Adjustment	(147,424,000)	(147,424,000)
3. Accumulated Other Comprehensive Income	(1,740,600)	-
4. Retained Earnings	854,205,464	569,722,640
a. Bad Debts Reserves		
(Provisions for Bad Debt Reserves 2015: (-)3,056,840 2014: 9,223,394)	9,223,394	-
b. Unappropriated Retained Earnings	844,982,070	569,722,640
Total Stockholders' Equity	10,705,040,864	10,422,298,640
Total Liabilities and Stockholders' Equity	11,884,581,378	12,656,176,366

Statement of
Comprehensive Income

For the Years Ended December 31, 2015 and 2014

KORAMCO Asset Management Co., Ltd. [Unit: KRW]		
Accounts	2015	2014
I . Operating Revenue	4,838,912,038	6,117,246,345
1. Fee Revenue	4,320,956,495	4,488,291,143
2. Interest Income	166,988,970	195,554,625
3. Net Gain on Financial Assets at Fair Value through Profit or Loss	339,282,608	1,433,400,577
4. Dividend Income	11,683,965	-
II . Operating Expenses	4,391,307,611	4,596,213,509
1. Loss on Valuation of Derivatives	-	907,447,420
2. Net Loss on Financial Assets at Fair Value through Profit or Loss	72,861,640	-
3. General & Administrative Expenses	4,317,739,874	3,677,467,198
4. Other Bad Debts Expenses	706,097	11,298,891
III . Operating Income	447,604,427	1,521,032,836
IV . Non-operating Income	54,083	30,026,414
V . Non-operating Expenses	45,919,750	-
VI . Income before Income Taxes	401,738,760	1,551,059,250
VII . Income Taxes	117,255,936	241,180,840
VIII . Net Income		
(Net Income after Provision of Reserve for Bad Debts 2015: 287,539,664 2014: 1,300,655,016)	284,482,824	1,309,878,410
IX . Other Comprehensive Income (Loss)	(1,740,600)	-
X . Total Comprehensive Income	282,742,224	1,309,878,410
XI. Net Income per Share		
1. Basic Earnings per Share	142	655

Statement of
Cash Flows

For the Years Ended December 31, 2015 and 2014

KORAMCO Asset Management Co., Ltd. [Unit: KRW]		
Accounts	2015	2014
I . Cash Flows from Operating Activities	1,291,066,848	945,510,143
(1) Net Income	284,482,824	1,309,878,410
(2) Adjustments for Non-Cash Items	(49,733,034)	45,626,215
1. Interest Income	(166,988,970)	(195,554,625)
2. Income Taxes	117,255,936	241,180,840
(3) Profit & Loss without Flows of Cash	171,435,765	64,559,144
1. Gain on Valuation of Financial Assets at Fair Value through Profit or Loss	39,949,100	(955,967,050)
2. Loss on Valuation of Derivatives	-	907,447,420
3. Depreciation	74,993,423	87,817,510
4. Intangible Assets Depreciation	9,867,395	13,962,373
5. Intangible Assets Depreciation	706,097	11,298,891
6. Impaired Loss on Intangible Assets	45,919,750	-
(4) Decrease (Increase) in Assets & Liabilities	1,021,074,760	(693,523,009)
1. Decrease(Increase) in Deposits	(131,547,058)	968,365,163
2. Decrease(Increase) in Financial Assets at Fair Value Through Profit or Loss	533,388,630	(694,809,000)
3. Increase in Loans	30,000,000	-
4. Decrease(Increase) in Non-trade Receivables	628,116,359	(1,199,954,640)
5. Increase in Accrued Income	(50,278,757)	(218,027,480)
6. Increase in Advanced Payments	(413,300)	(8,690,020)
7. Increase in Prepaid Expense	(34,862,819)	(4,241,854)
8. Increase(Decrease) in Accounts Payable	(27,060,231)	27,060,231
9. Increase in Accrued Expenses	503,121	34,442,128
10. Increase(Decrease) in Advance from Customers	(371,664,315)	371,664,315
11. Increase in Unearned Income	600,766,420	-
12. Increase (Decrease) in Deposit Received	(155,873,290)	30,668,148
(5) Receipt of Interest	199,310,223	218,969,383
(6) Payment of Income Taxes	(335,503,690)	-
II . Cash Flows from Investing Activities	(986,417,175)	(19,320,247)
1. Decrease in Deposits	-	20,550,000
2. Acquisition of Financial Asset Available for Sale	(913,298,606)	-
3. Acquisition of Tangible Assets	(25,038,569)	(23,480,247)
4. Acquisition of Intangible Assets	(48,080,000)	(16,390,000)
III . Increase in Cash and Cash Equivalents(I + II)	304,649,673	926,189,896
IV . Cash and Cash Equivalents at Beginning of Year	2,917,043,952	1,990,854,056
V . Cash and Cash Equivalents at End of Year	3,221,693,625	2,917,043,952

APPENDIX

REITs

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Real Estate Trust

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Real Estate Funds &
Special Asset Fund

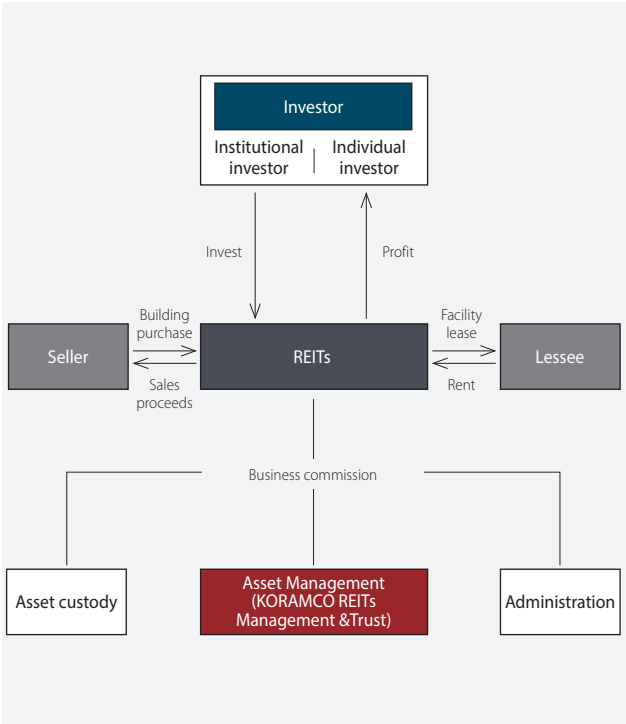
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REITs

Concept

REIT is a real estate company that offers an indirect method of investing in real estate. Funds from multiple investors are invested in real estate or related securities, and generated profits are distributed to investors as dividends.

Structure



- REITs play a critical role in decision-making in meetings of the Board of Directors and shareholders as a limited company pursuant to the Commercial Act.
- REITs assets (e.g. cash, real estate) are to be taken in custody by a trust company or a financial institution to secure transparency.
- Externally-managed REITs are managed whereby investment and management of assets are entrusted to an asset management company, and stock issuance and general affairs are commissioned to an administration company.

Type of REITs

Type	Company Form	Investment Target	Description
Internally-managed	Real Company	Real estate	REITs whereby overall asset management such as asset Investment & management is conducted by a specialized asset management workforce
Externally-managed	Paper Company	Real estate	REITs whereby overall asset management such as asset investment & management is entrusted to an external company specialized in asset management
Corporate Restructuring (CR-REITs)	Paper Company	Real estate for corporate restructuring	REITs established for real estate to be sold for redemption of corporate debt whose asset management is entrusted to an external company specialized in asset management

Strengths of REITs Investment

Stronger Profitability	A higher yield vis-a-vis investment risks is expected, driven by real estate investment based on precise market research and analyses. An additional yield is possible with higher values in real estate through professional and systematic asset management such as remodeling.
Solid Stability	As investments are in the form of real estate, risks of investment value are minimized even amid inflation. In the worst case scenario, the loss of investment principal can be minimized by disposing of real estate holdings, and a stable shareholder return is possible through rational investment analysis on lease fees, vacancy rates and maintenance fees.
Convenient Liquidity	As for listed REITs, stocks held can be converted into cash, if necessary.
Expansion of Investment Opportunities	Investment opportunities in large-scale real estate projects are available even with small-scale funds including those of personal investors.
Tax Relief	Income tax is almost nil once over 90% of the income available for dividends are distributed (Article 51-2 of the Income Tax Act). Progressive taxation (the maximum tax rate of 0.7%) is applied for property taxes and comprehensive real estate taxes for land upon direct investment. However, the land property tax of 0.2% is singularly applied upon REITs-based investments, and excluded from the list of investments subject to comprehensive real estate taxation (Local Tax Article 106 and Enforcement Ordinance Article 102).

Real Estate Trust

Concept

The act of creating a trust is the consigning of property (entrusted property) by those who hold the property rights (consigners) such as cash or real estate to consignees, and at the same time, to manage and dispose of the property for themselves or others (beneficiaries) according to specific purposes (trust purposes).

A real estate trust is different from money trust in that the entrusted property is real estate or real estate-related rights.

Trust products include land development trusts, management trusts, disposal trusts, collateral trusts, sales management trusts and project management services, and other related businesses including realtor services and real estate consulting services.

Type and Strengths of Real Estate Trust

Type	Description
Land Development Trust	<ul style="list-style-type: none">A product entrusted by landowners lacking in development know-how or financial capacity to a trust company to gain profits through efficient utilization of the land.A trust company procures land and builds buildings on it bearing in mind the landowners' ideas as well as expert knowledge, and raising the funds for construction. Then it returns a portion of the yield to the landowner after the sale or lease of the buildings.
Management-type Land Development Trust	<ul style="list-style-type: none">Similar to a general land development trust, it differs in the funding mechanismA consignor directly finances the required business costs from a financial institution and a developer, and pays the cost. Therefore, development projects can be carried out with enhanced stability and distribution -related disturbances can be prevented
Management Trust	<ul style="list-style-type: none">A trust product wherein a trust company takes charge of the real estate ownership, lease management, facility maintenance, legal affairs, tax and income management, and the return of income to its owners.A trust company categorizes management trusts into two categories depending on the management scope.<ul style="list-style-type: none">* Type A Management Trust (comprehensive management): Management of the ownership, lease, facility maintenance, legal affairs and taxation of the entrusted real estate* Type B Management Trust (ownership management): Management of only the ownership for the entrusted property
Disposal Trust	<ul style="list-style-type: none">A trust product whereby appropriate buyers are found for real estate that is difficult to dispose of in terms of due methods or procedures, or large-sized and high-priced real estate.A unique brokering method in that a trust company is entrusted with the real estate and holds the right and entitlement as a seller, so that buyers can safely buy the real estate.
Collateral Trust	<ul style="list-style-type: none">This trust product is less costly than a mortgage product, and with its advanced collateral scheme, one can conveniently apply for a loan with the real estate as collateral.A real estate trust company executes the loan business by being entrusted with the real estate from the property owner according to a trust contract. The debt is paid upon the maturity of the loan period, and the entrusted real estate is returned to trustor.However, upon a payment default, the entrusted real estate is converted into market value, the debt is repaid with the disposal proceeds and the remaining disposal proceeds are transferred to the beneficiaries.
Sales Management Trust	<ul style="list-style-type: none">According to the law regarding distribution of buildings, developers of sales projects allow a trust company to preserve and manage the real estate ownership and sales proceeds of the investors and business participants for the purpose of pre-construction sales. This is a trust product to ensure that sales projects are conducted successfully and the ownership is safely transferred to the buyers after the usage approval.
Project Management Service	<ul style="list-style-type: none">Real estate-related tasks are promptly and safely handled based on expertise and trust by providing project management services. The trust company provides secure and swift handling of various services related to approval procedures, research, sale proceeds, loan repayment, execution of project costs and other matters related to the acquisition or disposal of real estate on behalf of the client.

Real Estate Funds & Special Asset Fund

Concept of Real Estate Fund

Real estate funds are a product that invests more than 50% of fund assets (collective investment assets) in real estate, real estate-related rights and real estate-related assets and distributes profits from the investment to investors.

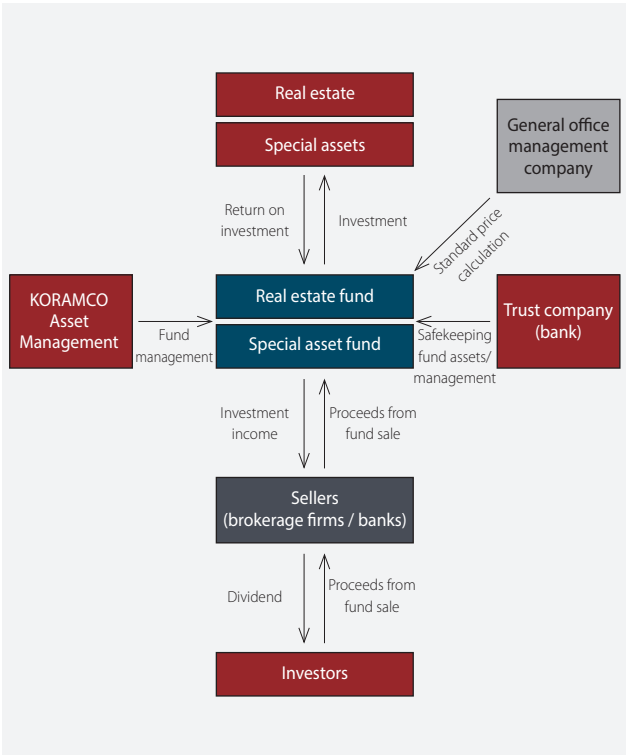
Type of REFs

Type	Description
Lease	This fund based on a buy and lease system mainly purchases and rents business real estate (office buildings) or commercial real estate (store buildings). Its goal is to secure stable real estate rental income and a profit from selling properties in the future. It is a "Buy & Lease" fund
Auction or Public Sale Type	A value investment-type real estate fund whose goal is to gain profits from renting or selling business or commercial properties purchased through auctions by courts or public sale by KAMCO and financial institutions
Derivative Type	A real estate fund that invests mainly in derivatives based on real estate
Right Type	A real estate fund that invests in trust-related rights, real estate-backed bonds, real estate fund (collective investment) stocks
Stock Type	A real estate fund that invests in REIT stocks, stocks issued by PFVs, stocks issued by real estate investment companies
Loan Type	A project financing-based real estate fund mainly for loans for corporations which receives interest from developers
Development Type	A development-type real estate fund that obtains development profits from sale or lease by pushing forward with real estate development projects as the fund plays the role of a developer

Concept of Special Asset Fund

A special asset fund is a product that invests more than 50% of fund assets (collective investment assets) in real objects such as stocks, real estate, business rights, art works, ships, subways, oil fields, mines, intellectual property rights, carbon credits and pays profits from the investment to investors.

Structure



History of KORAMCO

2001	Founded KORAMCO with paid-in capital of KRW 7 billion / Approved as an AMC by the Ministry of Construction and Transportation
2002	Capital raised from KRW 7 billion to KRW 8.55 billion / Released corporate restructuring REITs (KOCREF No. 1)
2005	REITs assets surpassed KRW 1 trillion (KRW 1,028.2 billion) / Released externally managed REITs (KOCREF No.7) Capital increased from KRW 8.55 billion to KRW 10 billion Entered into real estate trust business with approval by Financial Services Commission Company name was changed to KORAMCO REITs & Trust from KORAMCO
2006	REITs assets surpassed KRW 2 trillion (KRW 2,403.1 billion)
2007	Licensed for real estate development business / Inaugurated a social responsibility committee
2008	Licensed for housing construction business
2009	Licensed for housing redevelopment business / Signed KORAMCO-KAIST Green Smart Building initiative KORAMCO REITs & Trust licensed for Debt-type land development trust KORAMCO REITs & Trust awarded the Model Taxpayers Award during the 44th Taxpayers Day celebration KORAMCO Asset Management 's capital was raised to KRW 10 billion
2010	KORAMCO Asset Management established No. 1 fund (FIRSTEP No. 1, 2)
2011	REITs assets surpassed KRW 3 trillion (KRW 3,384.9 billion)
2012	Woo Cheol Lee was inaugurated as Vice Chairman of KORAMCO REITs & Trust Yong Sun Jung inaugurated as President of KORAMCO REITs & Trust Released externally managed REITs (KOCREF Gwanggyo) / REITs assets exceeded KRW 4 trillion (KRW 4,881.0 billion)
2013	Licensed for KORAMCO Asset Management special asset collective investment scheme Real estate fund assets surpassed KRW 1 trillion (KRW 1,280 billion) Kyu Sung Lee inaugurated as of Chairman of Consultative Board for a Prosperous KORAMCO Woo Cheol Lee inaugurated as Chairman of KORAMCO REITs & Trust Acquired Golden Toward LEED certification (KOCREF NPS No. 1)
2014	REITs assets surpassed KRW 5 trillion (KRW 5,360.4 billion) KORAMCO REITs & Trust awarded the Model Taxpayers Award during the 49th Taxpayers Day celebration Established rental housing REITs (KOCREF Housing No. 1, Dongtan 2 Daewoo KOCREF) Became the trust firm to enter into the real estate trust business as project agent (Anyang Hogye-dong) Hyun Seung Lee inaugurated as President of KORAMCO Asset management KORAMCO Asset Management licensed for privately placement equity collective investment/investment advisory
2015	KORAMCO Asset Management established overseas funds (two in the USA, 1 in Italy)