



Lotte Tour Development Investor Day

December 10th, 2021

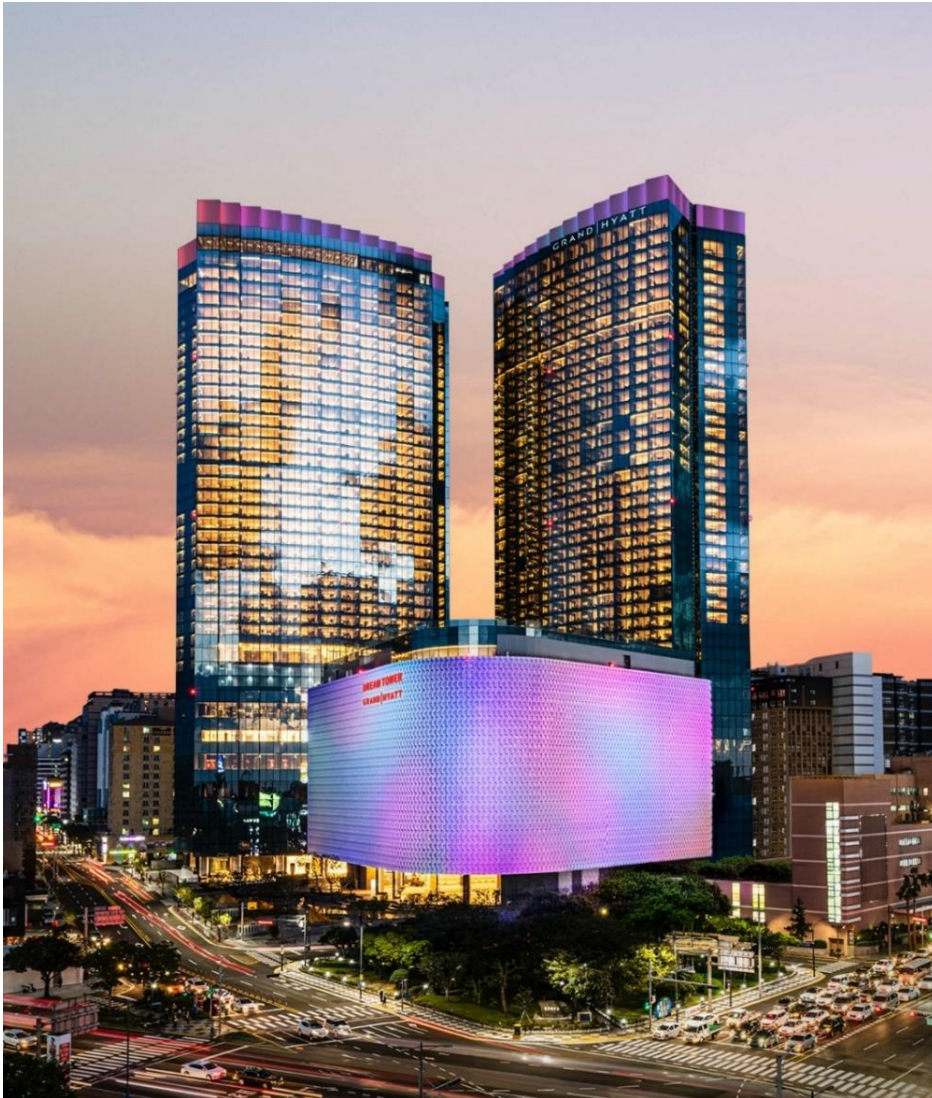


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Financial Summary of 3Q21

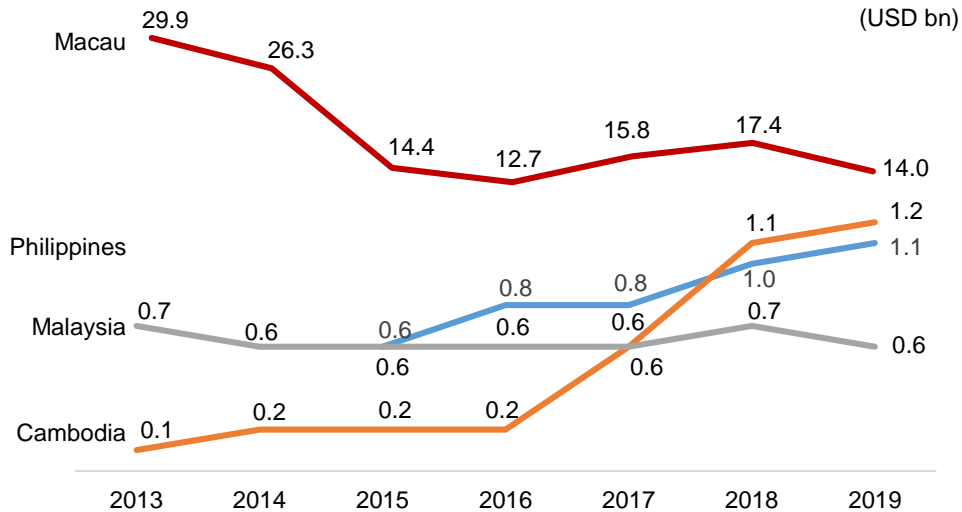
Highlights of 3Q21's Operating Expenses

Macau and Asia's Casino Industry

As China's anti-corruption campaign (2014) continues, Macau's VIP players begin to visit non-Macau casino markets

- Macau VIP players' demand shifted to non-Macau casinos as major junkets including Suncity expanded coverage to South East Asian countries including Philippines, Malaysia and Cambodia, etc.
- Macau casinos transformed into Integrated Resorts(IR) to replace decreasing VIP with Mass players visiting the IR facilities
- Non-Macau casinos with Integrated Resorts will emerge as beneficiaries

Asian Casinos' VIP GGR



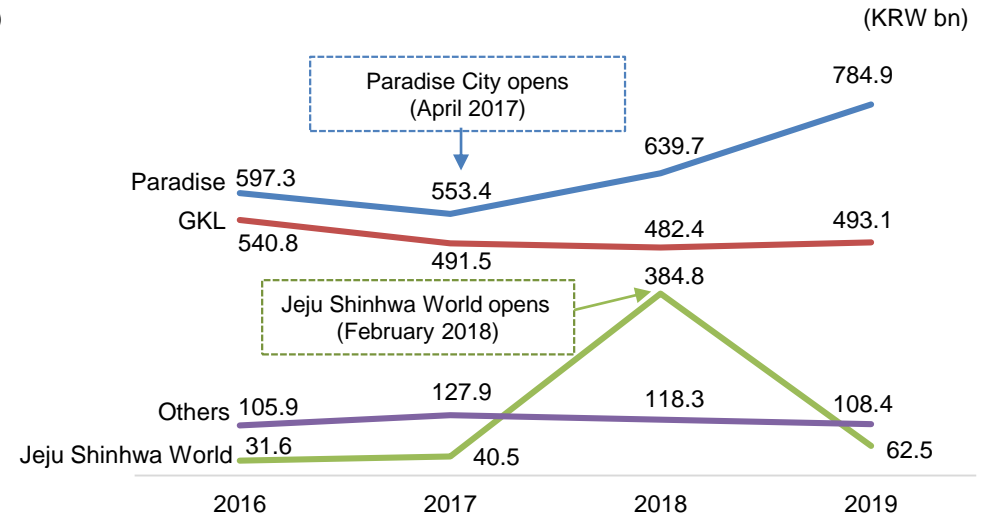
Source : The Gaming Inspection and Coordination Bureau (DICJ), Company Reports

Korea's Casino Industry

Korea's foreigner-only casino industry observed Integrated-Resort-led growth

- After opening Integrated Resorts, both Paradise group (owner of Paradise City) and Jeju Shinhwa World took lead in GGR growth as VIP and Mass players' visitations increased
- Casinos without Integrated Resorts retained relatively lower GGR growth rate during the same period

Korean Foreigner-only Casinos' GGR



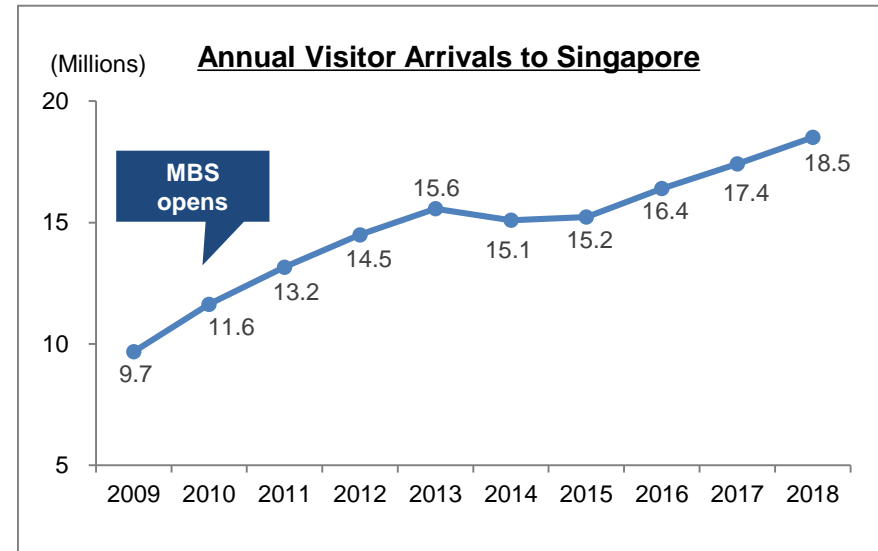
Source : Ministry of Culture, Sports and Tourism

1-2. Singapore Marina Bay Sands

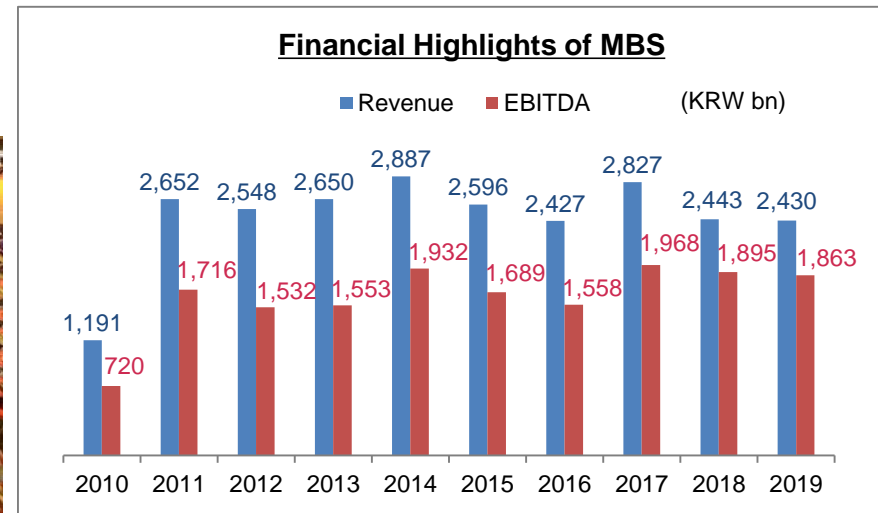
□ Marina Bay Sands (MBS)

- Las Vegas Sands' USD 5.5 billion investment in Singapore quickly transformed Singapore into a tourist destination, thus bringing in more international travelers
- As Singapore's largest and the most notable landmark, Marina Bay Sands enjoyed increase in both hotel and casino revenue
- Prime location of city center (Central Business District of Marina Bay) attracted both tourists and business visitors alike to MBS
- With stringent Singapore government regulations on junket operators, mass players continue to be a key contributor for MBS casino's growth, securing annual revenue level of KRW 2tn

□ Market capitalization of Las Vegas Sands Corp.(LVS) surged from KRW 11tn in 2009 before opening of MBS, to KRW 73tn in 2013 (KRW 59tn as of 2019)



Source : Singapore Tourism Board (STB)

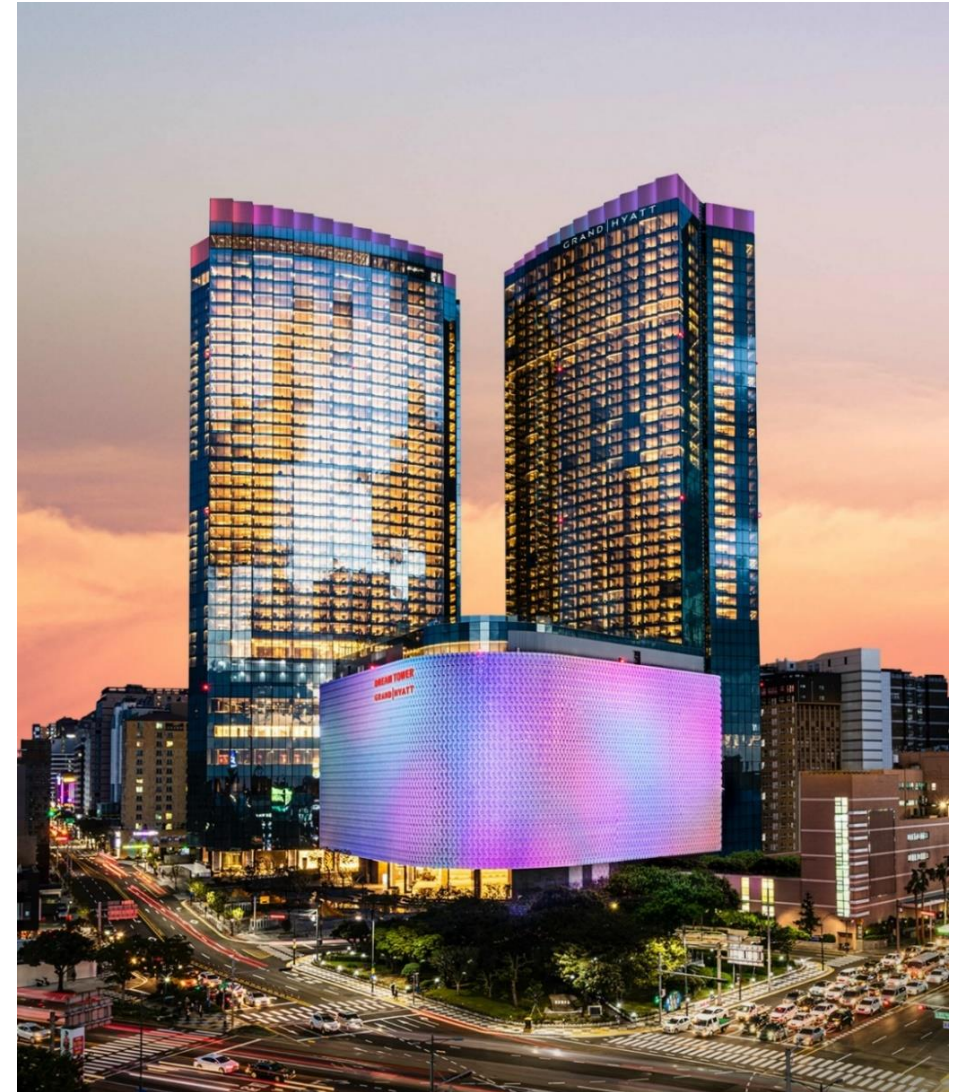


Source : LVS Annual Report

2-1. Jeju Dream Tower - Overview

□ Korea's First Downtown Integrated Resort

Co-Developer	<ul style="list-style-type: none"> • Lotte Tour Development, Greenland Group
Size	<ul style="list-style-type: none"> • Site Area 23,300m² (7,048py) • GFA 303,737m² (91,880py)
Floors / Height	<ul style="list-style-type: none"> • B6 to 38F / 169 m (Tallest Landmark in Jeju)
Hotel	<ul style="list-style-type: none"> • 1,600 Suite-size rooms
Foreigner-only Casino	<ul style="list-style-type: none"> • Casino Area 5,367m² (1,624py) • 148 Tables*, 261 Slot Machines & ETG * 25 tables for Junket VIPs (About 16% of total tables)
Key Facilities	<ul style="list-style-type: none"> • 10 MICE Meeting Rooms • 14 F&B Outlets • 2 Spas (European Spa, Korean Jjimjil Spa) • 2 Swimming Pools (Outdoor Infinity Pool, Indoor Pool)
CAPEX	<ul style="list-style-type: none"> • Total of KRW 1,088bn = Land 113.3bn + Construction 477.9bn + Interior 281.5bn + Operating Expense¹



Note 1. Operating Expense includes furniture and equipment related to hotel operations, etc.

2-2. Jeju Dream Tower - A New Landmark of Jeju

□ Korea's First Downtown Integrated Resort

▪ Location, Location, Location

- Located at Nohyung rotary, the heart of Jeju City where 5 major roads intersect
- Shilla & Lotte Duty Free Shops are located 600m away from Jeju Dream Tower
- Over 5,000 hotel rooms within 5 km radius

▪ 90.2% of foreigners' credit card payment are traced in downtown of Jeju City

□ Closest Visa-Free Integrated Resort from Northeast China

▪ From Shanghai, Jeju is closer than Macau

- Flight hours from Shanghai to Jeju : 90 minutes
- Flight hours from Shanghai to Macau : 160 minutes

▪ Jeju Dream Tower is only a 10-minute drive from Jeju Int'l Airport (3 km)

- Jeju Shinhwa World is a 1-hour drive from the airport

□ Jeju's Tallest & Largest Landmark Building

▪ Height of 169m, 38F

(3 times taller than Jeju's 55m Building Height Restriction)

▪ Largest building in Jeju with 1.8 times larger than Seoul 63 Square Building

▪ Asia's Largest Grand Hyatt Hotel

- All 1,600 suite-size rooms are located on top of 62m podium, providing unblocked panoramic views



3-1. Dream Tower Casino - First Downtown Integrated Resort in Korea 롯데관광개발 LOTTE TOUR

□ Game Changer of Korean Casino Industry

- Jeju Dream Tower Casino is similar size to Jeju Shinhwa World and Paradise City

(KRW bn)

Integrated Resort (Opening Date)	Location (Downtown)	Tables & Slot Machines	Revenue (M/S)			
			1H18	2H18	1H19	2H19
Jeju Dream Tower (June 11, 2021)	Jeju (O)	148 Tables*, 261 Slots & ETG <i>*25 tables for Junket VIPs (16% of total tables)</i>	-	-	-	-
Jeju Shinhwa World (February 2018)	Jeju (X)	151 Tables, 201 Slots	387.2 (39.9%)	-2.4 (-%)	24.1 (3.6%)	38.4 (4.9%)
Paradise City (April 2017)	Incheon (X)	173 Tables, 427 Slots	109.4 (11.3%)	140.0 (21.4%)	161.7 (24.4%)	215.2 (27.4%)

Source : Korea Casino Association

□ Key Executives with first-hand Integrated Resort experience

Name	Position in Jeju Dream Tower
Lawrence Teo	COO & Executive Vice President
Paul Kwok	General Manager (Grand Hyatt Jeju)
Oliver Weber	Executive Chef (Grand Hyatt Jeju)
Arkan Sevar	Managing Director of Surveillance
Ken Qian	Managing Director of Casino Marketing
Alan Wong	Managing Director of International Marketing
Kelvin Lau	Director of Table Games
Kengy Yong	Director of Business Development
Betty Wong	Director of Loyalty Club
Elisha Zhin	Director of Resort Services (VIP)
Susan Chan	Director of Casino Finance

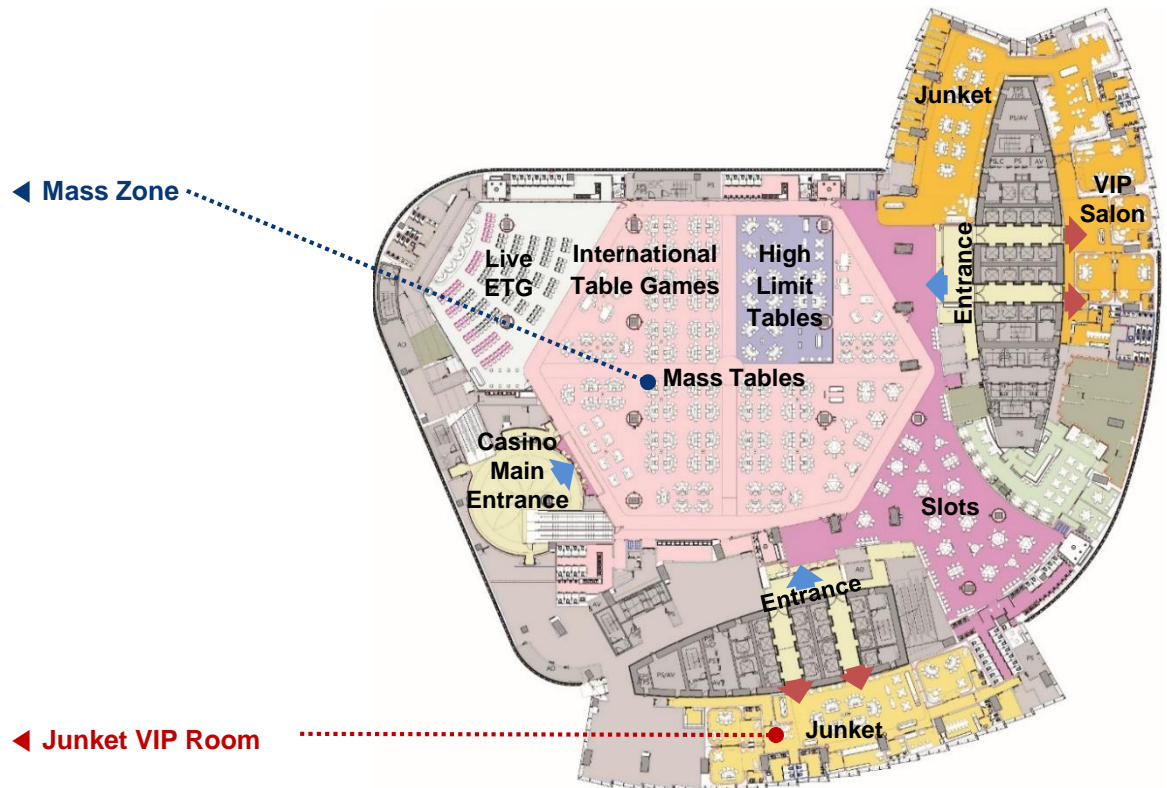
3-2. Dream Tower Casino - Strategic Highlights

❑ A must-visit-destination for Macau Junkets' VIP players as they seek to visit non-Macau casinos

- Equipped with 25 tables in VIP zones, Dream Tower Casino will welcome Chinese VIP players seeking for non-Macau casinos (For players based in eastern China such as Beijing and Shanghai, Jeju is geographically closer than SEA and provides no-visa entry)
- Dream Tower Casino presents exclusive complimentary package to casino guests featuring a wide variety of non-casino facilities including 1,600 rooms, 14 F&B outlets, 2 Spas (European Spa and Korean Jjimjil Spa), and 2 swimming pools (outdoor infinity pool and indoor pool)

❑ Dream Tower Casino will attract Macau Junkets' VIP players as they seek to visit non-Macau casinos

- Luxurious facilities of Jeju Dream Tower Integrated Resort will attract Mass players visiting with families for leisure and tourism, as well as business visitors.



← Mass Zone

← Junket VIP Room

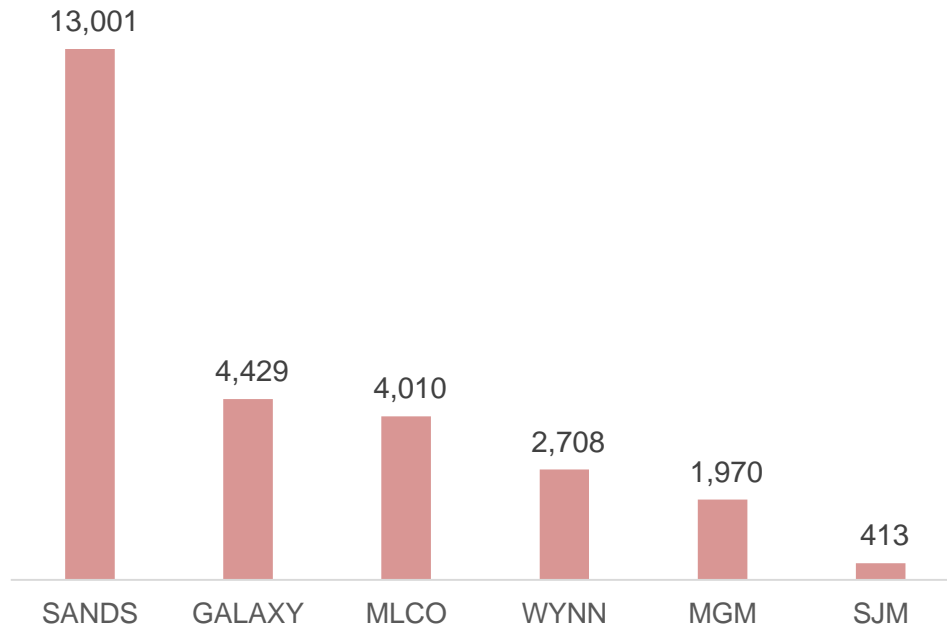
3-3. Dream Tower Casino - Korea's Largest Integrated Resort

□ Unrivalled comp. advantage to attract players & Maximized profitability backed with cost efficiency

- Key drivers of Macau casinos' growth are large-scale complimentary hotel rooms and F&Bs, as well as facilities of Integrated Resorts to attract VIP and Mass players respectively
- Dream Tower Casino will leverage direct ownership of 1,600 rooms and 14 F&B outlets in providing comp. to VIP and Mass players
- Unlike other Korean casinos, Dream Tower casino will maximized profitability based on cost-efficient structure (Resort-wide clientele base will be shared across hotel and casino and operational costs will be spent internally)

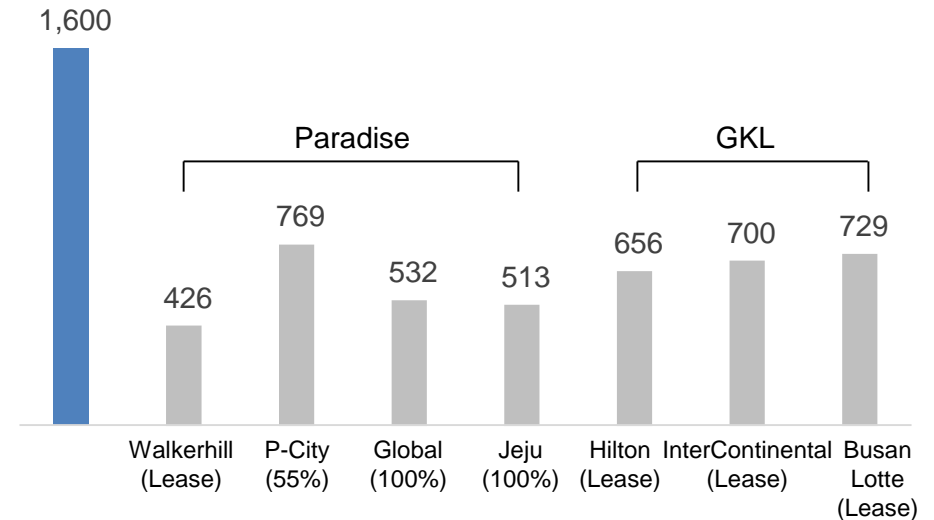
No. of Hotel Rooms of Macao Casinos

(100% Ownership)



No. of Hotel Rooms of Korean Casino

Jeju Dream Tower
(100% Ownership)



Source : Company's Annual Report (2020)

3-4. Dream Tower Casino - Loyalty Club Membership

□ Dream Tower Casino's Loyalty Club Membership - 'Lotte Tour Club'



- 'Lotte Tour Club' is the first casino loyalty club membership introduced in Korea (Mobile application also available)
- Composed with 4 membership tiers – gold, silver, black and diamond – with each tier unlocking higher points
- Points are earned by participating in casino games (1 Lotte Tour Club Points = KRW 1 won)

Membership Tiers of Lotte Tour Club



Gold



Platinum

Earn 5,000 points in 12 months



Black

Earn 500,000 points in 12 months



Diamond

Invitation only

Mobile Application



- ✓ Membership program enables database marketing and personalized offers
- ✓ Members are encouraged to revisit casino to use earned points in Jeju Dream Tower

4-1. Grand Hyatt Jeju - Asia's Largest Grand Hyatt Hotel

□ Asia's largest, and the World's 2nd largest Grand Hyatt Hotel

- Compared to Jeju Shilla Hotel and Lotte Hotel Jeju with 400+ rooms and 2 MICE meeting rooms, Grand Hyatt Jeju offers incomparable 1,600 suite-size rooms (from 65m² to 260m²) and 10 MICE meeting rooms
- Grand Hyatt Jeju's prime location of sitting in the heart of Jeju City's downtown Nohyung district, with Jeju International Airport only 3km away, will capture diverse interest and needs across different guest groups from casino, MICE to local residents
- It will also attract a significant inflow of tourists those in favor of urban-location hotels with easy access of food and attractions
- Hyatt Group's landmark specialist Paul Kwok overlooks Grand Hyatt Jeju's operation as General Manager, followed by his previous role as General Manager of Grand Hyatt Macau
- Grand Hyatt Jeju's master chefs showcase authentic culinary journey in assorted menus across 14 F&B outlets



4-2. Grand Hyatt Jeju - Korea's 'Living with COVID-19'

□ Hotel business will benefit from below favorable environments for operation:

- Operational restrictions on hotel rooms are lifted as Korea initiated 'Living with COVID-19' from November 2021
- Full operation of Grand Hyatt Jeju's twin towers (Total of 1,600 rooms)
- Jeju secures its status of the most popular travel destination for travelers
- MICE events began to position itself as a new source of hotel revenue

'Social Distancing' in COVID-19 Pandemic

(From January to October, 2021)

Introduction of 'Social Distancing' measures
(Restricting number of people for social gatherings & large-scale events; Restricting hotel operations, etc.)

▶ Tower 1 in operation (750 rooms)

- Restrictions on % of rooms available for operation (77% in Level 3, 66% in Level 4 of 'Social Distancing')
- F&B business hours restricted to 9pm or 10pm and social gatherings allowed from 2 to 10 people
- Large-scale events including weddings are allowed to accept up to 49~99 people

Level 1 of 'Living with COVID-19'

(From November 2021 to present)

Most of 'Social Distancing' restrictions are eased as 'Living with COVID-19' plans to return to normal life

▶ Full operation of twin towers

(Total of 1,600 rooms = 750 rooms in Tower 1 + 850 rooms in Tower 2)

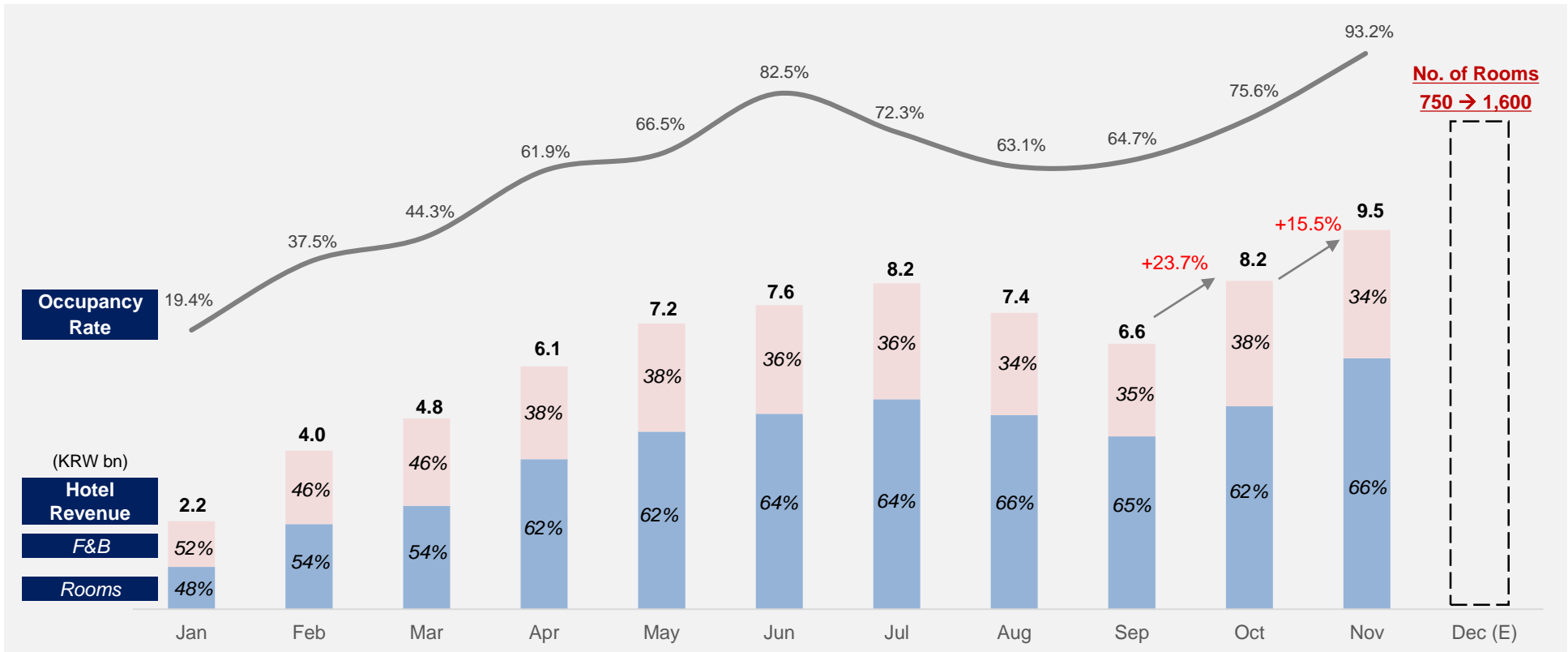
- **No operational restrictions on hotel rooms and F&B outlets**
 - Total of 1,600 rooms available for sale (Tower 2 opened in Nov.)
 - No business hour restrictions for 14 F&B outlets (24 hour operation of Casino Dining allowed)
- **Social gatherings up to 12 people**
(Level 3 of 'Living with COVID-19' : No restrictions)
- **Events of less than 500 people are allowed**
(Level 2 of 'Living with COVID-19' : No restrictions)

▶ **4Q21's hotel revenue will increase QoQ as people are willing to travel more and MICE events are reinitiated backed with relaxed restrictions**

4-3. Grand Hyatt Jeju - Profitability

□ Hotel business turned around from loss to profit in effect of 'Living with COVID-19'

- October : Recorded operating profit for the first time since the grand opening, as pandemic-fueled demand for traveling remained strong and assisted revenue growth (KRW 8bn of operating expenses in October)
- November : Profitability improved as Korea entered Level 1 of 'Living with COVID-19' which increased demand for rooms and F&B
- Full operation of twin towers (total of 1,600 rooms) from November 29th, 2021 brightened prospects for December
- December : F&B's contribution to hotel revenue will grow as higher F&B visitation is expected under full operation of 1,600 rooms



5. K-Fashion Mall ‘HAN Collection’

❑ First K-Fashion Mall with Top 200 K-Fashion Designers

- ‘HAN Collection’ is the first K-Fashion Mall featuring the newest trends led by Korea’s top 200 designers, including but not limited to namesake labels as YCH and Jaebaek Couture that are beloved by K-pop stars BTS and Blackpink
- ‘HAN Collection’ will attract both tourists and locals alike, with a wide variety of trendsetting items across 14 select shops, together delivering an unconventional shopping experience and photogenic memories

❑ Opened in Jeju and Seoul’s landmark buildings

- Jeju Store : L3-L4 of Jeju Dream Tower
- Seoul Store : B1-L1 of Gwanghwamun Building (Dongwha Duty Free)

HAN K-FASHION MALL COLLECTION

Men's Casual

Street Casual

Women's Casual

Dream Bag

Men's Contemporary

Dream Shoes

Women's Contemporary

Dream Sunglasses

Fast Men

Dream T-Shirts

Fast Women

Dream Jewelry

Women's Trendy

Dream Kids



6. Earnings Forecast (Post COVID-19)

□ Casino : Annual Revenue of KRW 396.2bn to 1,196.9bn

(KRW)

Jeju Dream Tower Casino *		GKL & Paradise (Annual average of 2013-2018)		Jeju Shinhwa World (Average of 1H 2018)		Galaxy Macau (Average of 2018)	
		Win/Unit/Day	Revenue	Win/Unit/Day	Revenue	Win/Unit/Day	Revenue
VIP Tables	25	6.43mn	58.7bn	19.50mn	177.9bn	48.78mn	445.1bn
Mass Tables	128	6.43mn	300.4bn	19.50mn	911.0bn	15.52mn	725.1bn
Slots & ETG	261	0.39mn	37.1bn	-	-	0.28mn	26.7bn
Total			396.2bn		1,088.9bn		1,196.9bn

* Based on 153 tables

□ Hotel : Annual Revenue of KRW 252.4bn to 299bn

Jeju Hotels' Revenue Breakdown (2019)

(KRW)

Rooms Revenue : KRW 140.2bn to 186.8bn

- Occupancy Rate 80%, ADR 300,000won : KRW 140.2bn
- Occupancy Rate 80%, ADR 400,000won : KRW 186.8bn

Hotel	Occupancy Rate	Rooms Revenue	F&B Revenue	Auxiliary Facilities Rev.	Average Daily Rate
5-Star	76.5%	170.3bn	85.6bn	109.6bn	176,893
Others	65.7%	133.1bn	21.4bn	8.0bn	66,580

Source : Korea Hotel Association

F&B and Auxiliary Facilities Revenue : KRW 112.2bn

- Assumption : 0.8 times of Rooms Revenue
- Note : According to 5-Star Hotel Statistics in 2019, revenue generated from F&B and Auxiliary Facilities recorded 1.14 times of Rooms Rev.

Jeju Dream Tower's Total Revenue Forecast

KRW 671.0bn to 1,518.3bn

7-1. Operating Cash Flow ⁽¹⁾ (2021)

□ Operating Cash Flow (OCF) of Lotte Tour Development in 2021

- Hotel's operating cash flow in October turned around from negative to positive, and secured positive OCF in November and December
- Corporate earnings expected to turn into profit if hotel business marks 60% occupancy rate and average daily rate of KRW 286,000 ⁽²⁾ which will offset ongoing loss of non-hotel businesses

(KRW mn)

Lotte Tour Development	2021									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Revenue	2,623	4,866	5,153	7,465	8,263	7,276	10,411	8,959	6,177	11,497
Hotel	2,200	3,970	4,776	6,078	7,156	7,217	8,082	7,611	6,672	8,241
Retail	337	430	-92	885	503	-587	1,739	562	-1,376	2,425
Tourism	78	40	75	109	212	253	195	117	196	327
Others	8	426	394	393	393	393	395	670	684	504
Expenses	10,291	11,108	10,900	11,388	11,063	11,205	12,290	11,626	12,241	14,884
Hotel	6,117	7,570	7,598	7,255	7,733	8,264	8,663	8,168	8,004	8,036
Retail	1,417	1,518	936	1,889	1,481	362	2,760	1,584	-354	3,425
Tourism	754	690	1,116	671	801	872	842	1,143	929	961
Others	2,003	1,330	1,251	1,573	1,048	1,707	24	731	3,662	2,462
Operating Income	-7,668	-6,242	-5,747	-3,923	-2,800	-3,929	-1,879	-2,667	-6,064	-3,387

□ LT Entertainment in 2021

(KRW mn)

Casino	2021									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Revenue						3,048	968	4,487	2,703	2,069
Expenses						5,049	3,123	5,790	4,008	3,982
Operating Income						-2,000	-2,156	-1,303	-1,304	-1,913

Note 1. Excluding depreciation and amortization

Note 2. Average Daily Rate of KRW 286,000 (Average ADR of January to November 2021)

7-2. Key Business Indicators of Hotel in December 2021

□ Average Daily Rate and Occupancy Rate in December 2021

(KRW, No. of Rooms)

Date	Dec 1	Dec 2	Dec 3	Dec 4	Dec 5	Dec 6	Dec 7	Dec 8
Average Daily Rate	256,806	279,359	286,940	284,465	263,820	262,761	264,007	263,256
Occupancy Rate (Based on 1,600 rooms)	59.2%	45.0%	46.2%	48.4%	49.4%	48.1%	43.1%	45.9%
No. of Rooms Available	1,027	765	828	816	828	830	825	811
No. of Rooms Sold	947	720	739	775	791	770	689	735
Occupancy Rate (Based on available rooms)	92.2%	94.1%	89.3%	95.0%	95.5%	92.8%	83.5%	90.6%

- Second hotel tower with 850 rooms opened in November 29th, 2021
(Additional improvements of rooms to be completed by end-December. Full operation of 1,600 rooms will begin from 2022)
- December's occupancy rate will increase as sales & marketing promotions on online travel agencies (OTA) and home shopping channels are scheduled for new year peak season

□ Hotel Revenue Forecast by Occupancy Rate

(KRW 1,000)

Average Daily Rate (KRW)	286	286
Occupancy Rate (%)	60%	70%
No. of Rooms available for sale	1,600	1,600
Room Revenue	8,236,800	9,609,600
F&B Revenue	5,118,103	7,318,913
Total Operating Revenue	15,514,153	19,087,763
Hotel	13,354,903	16,928,513
Retail	976,000	976,000
Tourism	326,917	326,917
Others	856,333	856,333
Total Operating Expenses	14,347,000	15,964,604
Operating Income	1,167,153	3,123,159

Appendix. Financial Summary of 3Q 2021 (Consolidated)

- Operating revenue in 3Q 2021 increased to KRW 30.0bn (QoQ +22%, YoY +2357.9%)
- Operating loss recorded KRW 33.7bn (KRW 29.3bn excluding one-off expenses of KRW 4.4bn ⁽¹⁾)
- Net loss decreased to KRW 52.4bn in 3Q as both operating loss and financial expenses reduced QoQ

(KRW bn)

	3Q 2021	2Q 2021	QoQ	3Q 2020	YoY
Operating Revenue	30.0	24.5	22%	1.2	2357.9%
Hotel	22.2	20.8	7%	-	-
Casino ⁽²⁾	8.2	3.0	173%	-	-
Retail	0.9	0.8	13%	-	-
Tourism	0.5	0.6	-17%	0.9	-30.1%
Others	0.7	0.3	133%	0.3	0.0%
Operating Expenses	63.7	54.1	17.8%	14.0	356.3%
Operating Income (Loss)	(33.7)	(29.6)	Net Loss	(12.7)	Net Loss
EBITDA	(16.5)	(13.0)	Net Loss	(10.9)	Net Loss
Other Income (Loss)	(0.08)	0.03	-	(0.002)	-
Financial Income	0.13	0.14	-10.2%	1.7	-92.6%
Financial Expenses	18.4 ⁽³⁾	14.7	24.8%	(0.6)	-
Consolidated Net Income	(52.4)	(44.3)	Net Loss	(10.8)	Net Loss
Net Income attributable to Owners of the Company	(52.2)	(44.2)	Net Loss	(10.7)	Net Loss

Note 1. 3Q21 One-off expenses KRW 4.4bn include LT Entertainment's annual leave allowance of 0.8bn and second hotel tower's rental fee of 3.6bn

Note 2. 3Q21 Net Gaming Revenue KRW 3.0bn = [Gross Gaming Revenue KRW 12.3bn] – [Customer Rebate & Commissions, etc.]

Note 3. 3Q21 Financial expenses include KRW 3.0bn losses on foreign exchange translations from USD 60mn Convertible Bond (vs. 2.8bn in 2Q21)

Appendix. Highlights of 3Q 2021's Operating Expenses (Consolidated)

(KRW bn)

	3Q 2021	2Q 2021	1Q 2021	3Q YTD
Operating Expenses	63.7	54.1	50.0	167.9
Labor Cost & Related	19.2	16.5	16.8	52.5
(%)	30.1%	30.5%	33.5%	31.3%
Depreciation	17.2	16.6	16.3	50.0
(%)	26.9%	30.6%	32.5%	29.8%
Commissions & Fees	8.6	7.9	5.6	22.1
(%)	13.5%	14.6%	11.1%	13.1%
Utilities	2.7	2.0	2.6	7.4
(%)	4.2%	3.7%	5.3%	4.4%
Supplies	1.8	2.1	1.6	5.5
(%)	2.8%	3.9%	3.1%	3.3%
Advertising	0.7	1.0	1.3	3.0
(%)	1.1%	1.8%	2.5%	1.8%
Others	13.6	8.0	6.0	27.5
(%)	21.3%	14.8%	11.9%	16.4%

❑ Operating expenses increased QoQ as both hotel and casino businesses entered the phase of full operation (KRW 59.3bn excluding one-off expenses of KRW 4.4bn)

❑ Summary of one-off expenses in 3Q21

- Labor cost & related : LT Entertainment's annual leave allowance of 0.8bn
- Others : Second hotel tower's rental fee of 3.6bn

(Rental fee will be relocated to non-operating expenses after official opening of second hotel tower in November 2021)