

LOGISTICS MARKET REVIEW

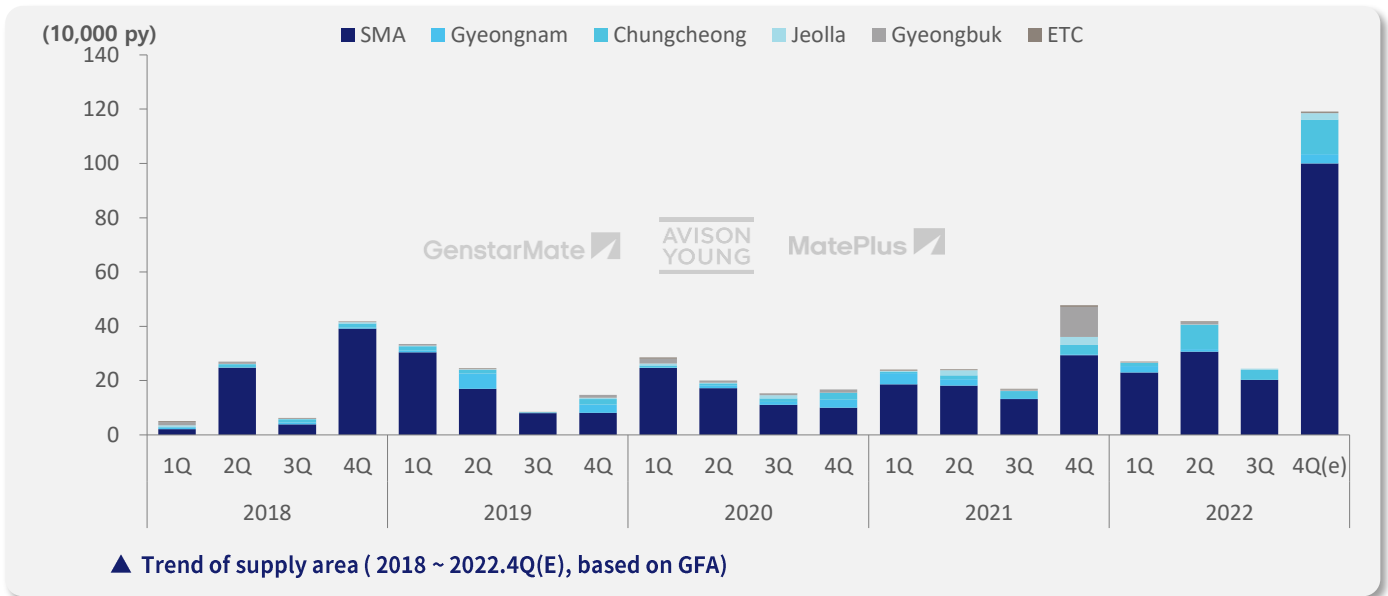


Yangji SLC Logistics Center

National Logistics Center Market (2022.3Q)

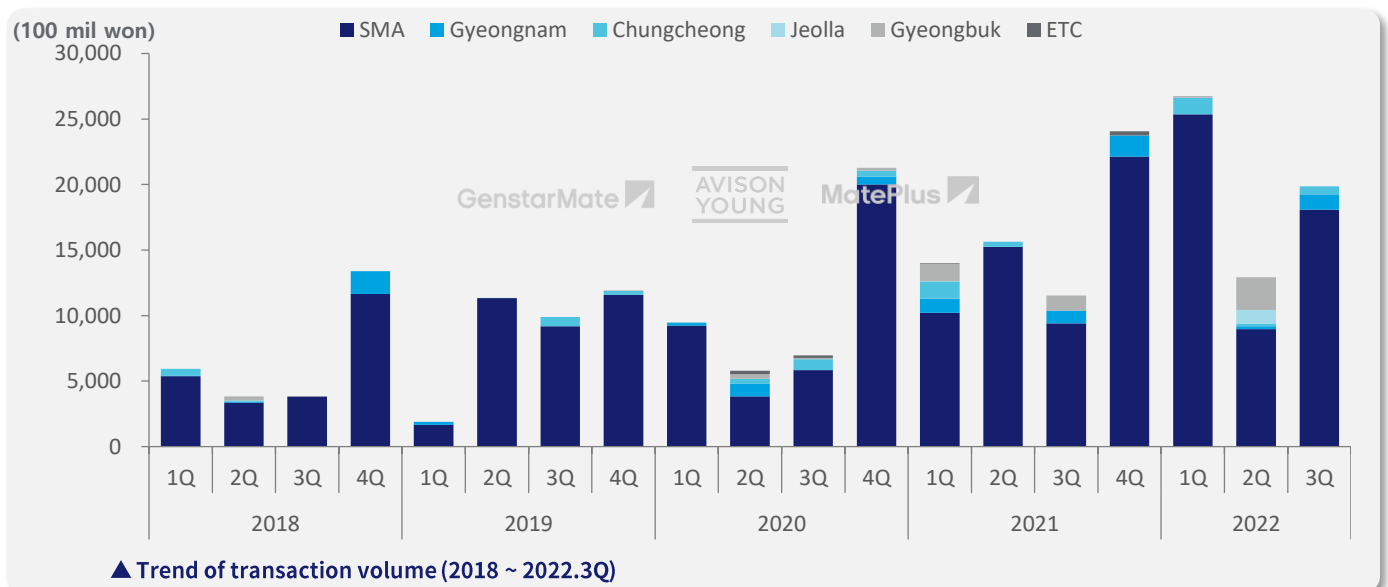
(1) Supply Trend

In 2022 3Q, the new supply area nationwide was about 240 thousand py, decreased 41.6% compared to the previous quarter and increased 44.1% compared to the same period last year. For SMA, 83% of the total supply area, about 203 thousand py, was supplied. For the non-SMA, 2 distribution center built in Chungcheong area, reaching 41,000 py in total. Since several large-sized assets will be supplied within the 4Q and some assets scheduled to be supplied during the 3Q were delayed due to incompleteness, the new supply area of next quarter will be about 1.19 million py.



(2) Transaction Trend

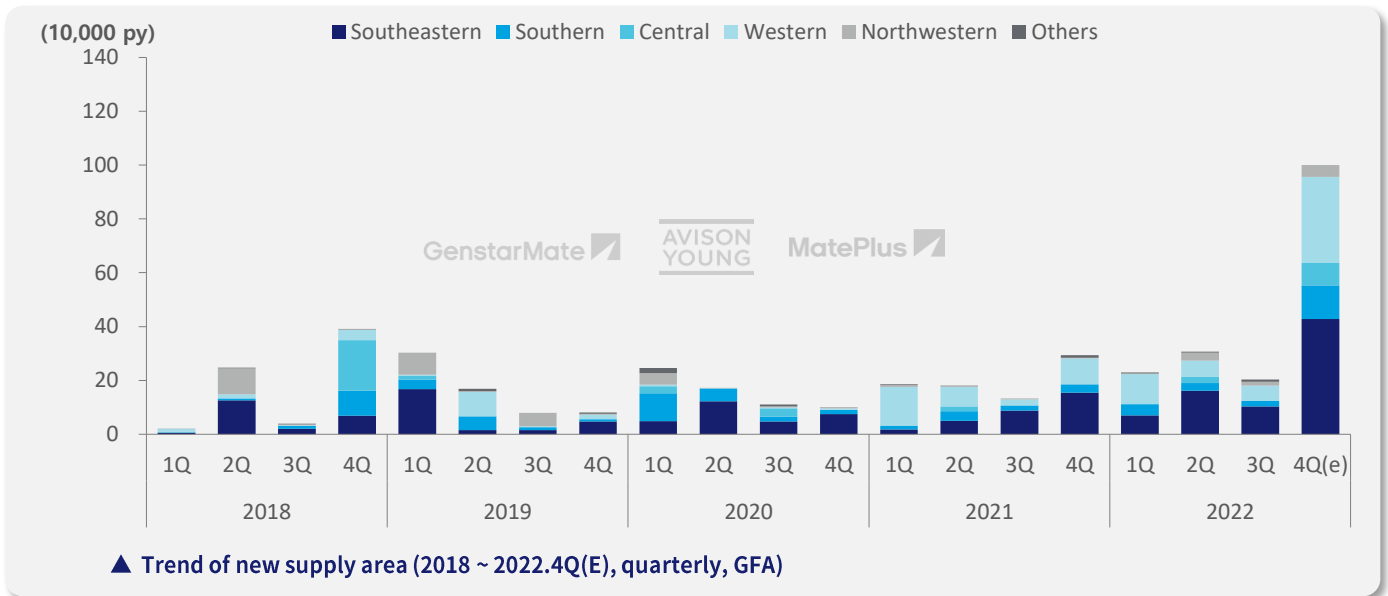
The transaction volume nationwide in 3Q was 2.0 trillion won with a significant increase compared to that of 2Q. In the current quarter, 1.8 trillion won was transacted in SMA, accounting for 91.0% of the nation's total. In Gyeongnam area, the transaction volume in this quarter rose to 117.8 billion won, increased about 485% compared to the that of the previous quarter, about 20 billion won. A representative case is Changwon Du-dong Logistics Center, located in Du-dong, Changwon, and its seller is Du-dong Logistics Development PFV, established to develop Du-dong logistics center by Koreit AMC. Later, Koreit AMC purchased it with real estate funds. The logistics center is kept by 100% dry, and Market Kurly is leasing the property as a single tenant.



Seoul Metropolitan Area Market(2022.3Q)

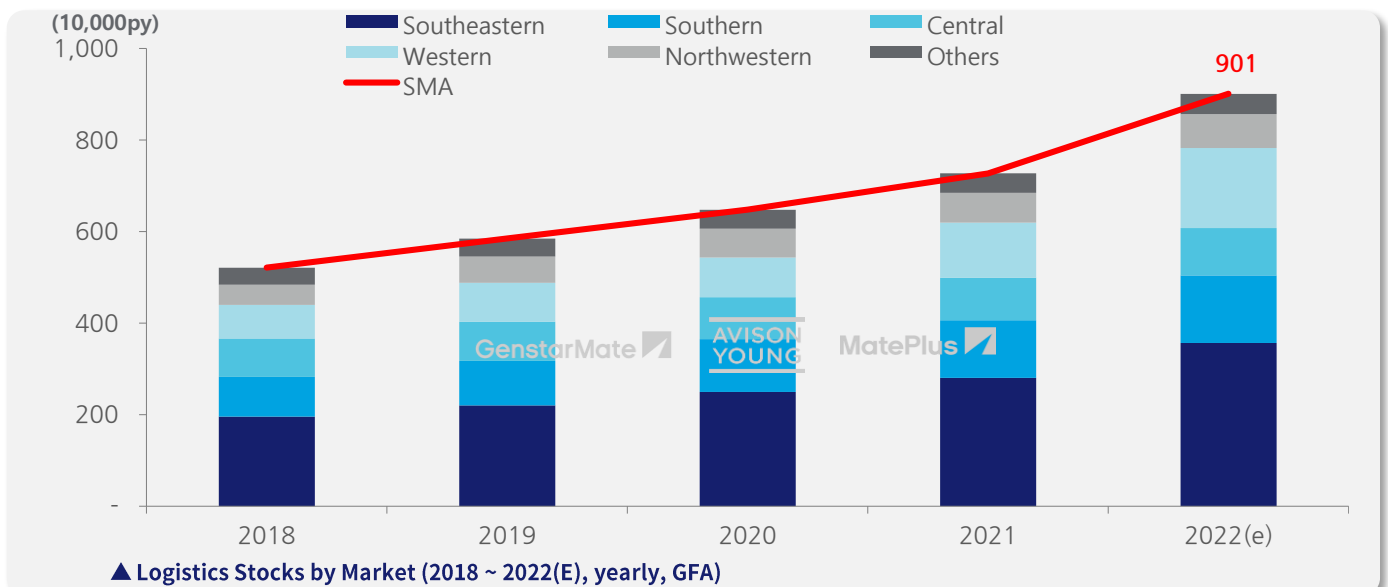
(1) New Supply

The new supply area in SMA was about 203 thousand py, and the volume of new supply has decreased except for a few compared to the previous quarter. Of the total, about 51%, 103 thousand py, was supplied in the southeastern area, followed by about 57,000py in the western area. The delayed supply of some large-sized properties and more supply of Medium-small-sized assets for self-use by general corporations, DB Insurance, Dole Korea, and Nutrione, made the transaction decrease. In 4Q, several large-sized logistics centers larger than 30,000py, namely, Wonchang-dong Logistics Center, GO&S Yongin Logistics Center, and Osan Logipolis, are scheduled to be supplied.



(2) Stocks by Market

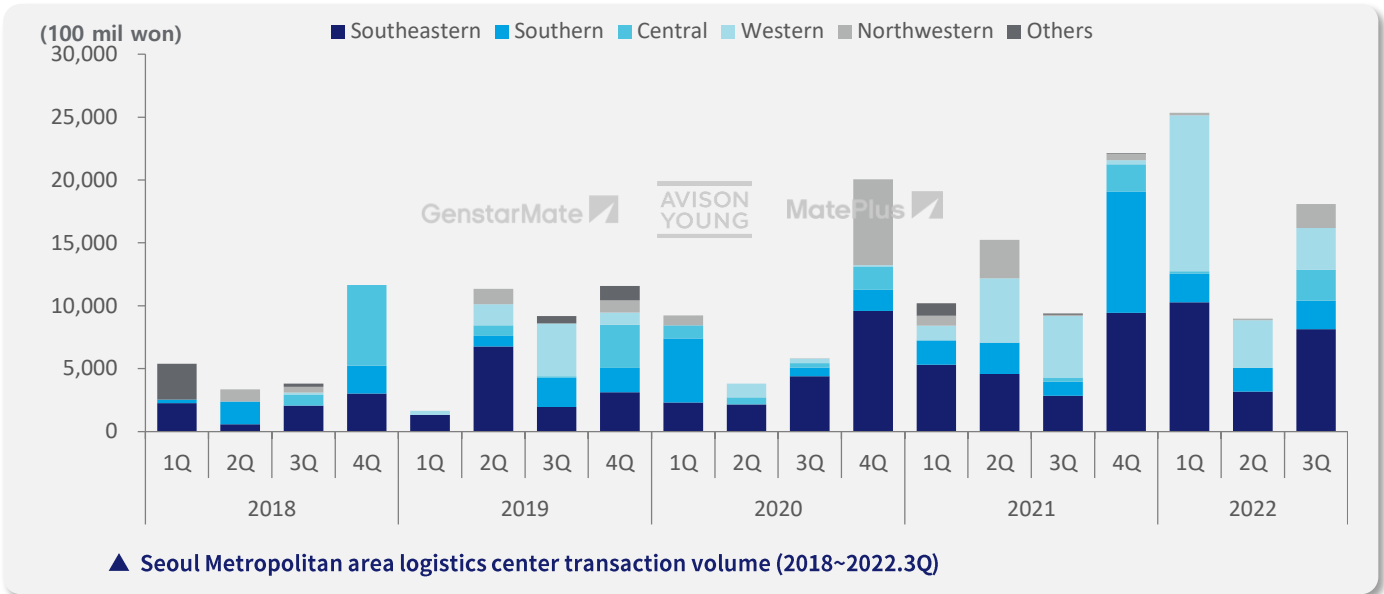
The accumulated stock in SMA is expected to be 9.01 million py, increased about 23.9% of YoY, followed by 3.57 million py in the southeast, 1.75 million py in the west, and 1.47 million py in the southern region. Particularly, in the western area, the completion date of some assets under the construction in Incheon has been delayed partially. However, since Wonchang-dong Logistics Center with 130 thousand py will be supplied in December, the total supplying area will be exceeded that of southern for the first time. For the southeast region, it is also expected to surpass 3 million py for the first time with several Medium assets, larger than 10,000 py including Namsa Logistics Center with about 40,000 py.



Seoul Metropolitan Area Market(2022.3Q)

(1) Transaction Volume

The total transaction case in SMA in 3Q was 18 cases with 1.8 trillion won of transaction size, 93% higher than the same period last year. In terms of the proportion of transactions by region per quarter, the southeastern area reached 800 billion won, with the largest share, 44.9% of the total. The central district has shown the most active transaction in 2022, including Dongtan Central Logis Hub. In the western area, it has slightly decreased to 300 billion won compared to the previous quarter with only one case, Ansan GREY BOX Logistics Center, a pre-purchase case. For the northwestern area, quite inactivated area since 2021 2Q, the transaction amount is won 190 billion including Goyang Samsung Logis Hill, in this quarter.



(2) Major Transaction Cases

Among the transaction cases in the metropolitan area in this quarter, Ansan GREY BOX Logistics Center, purchased by KB AMC at about 330 billion won from Banwol Smart Logistics PFV, was the largest transaction case, followed by Yangji SLC, a combined logistics center with a dry&cold temperature, purchased by KORAMCO REITS & TRUST at 285 billion won. Dongtan Central Logis Hub is a low-temperature facility entirely, purchased by Pebblestone AMC. Goyang Samsung Logis Hill, with one unit of dry&cold temperature building respectively, was under the pre-purchase contract with BlueCove Investment last year. By the time of completion of one unit equipped with room temperature in the first half of this year, it was transacted at about 190 billion won in this quarter.



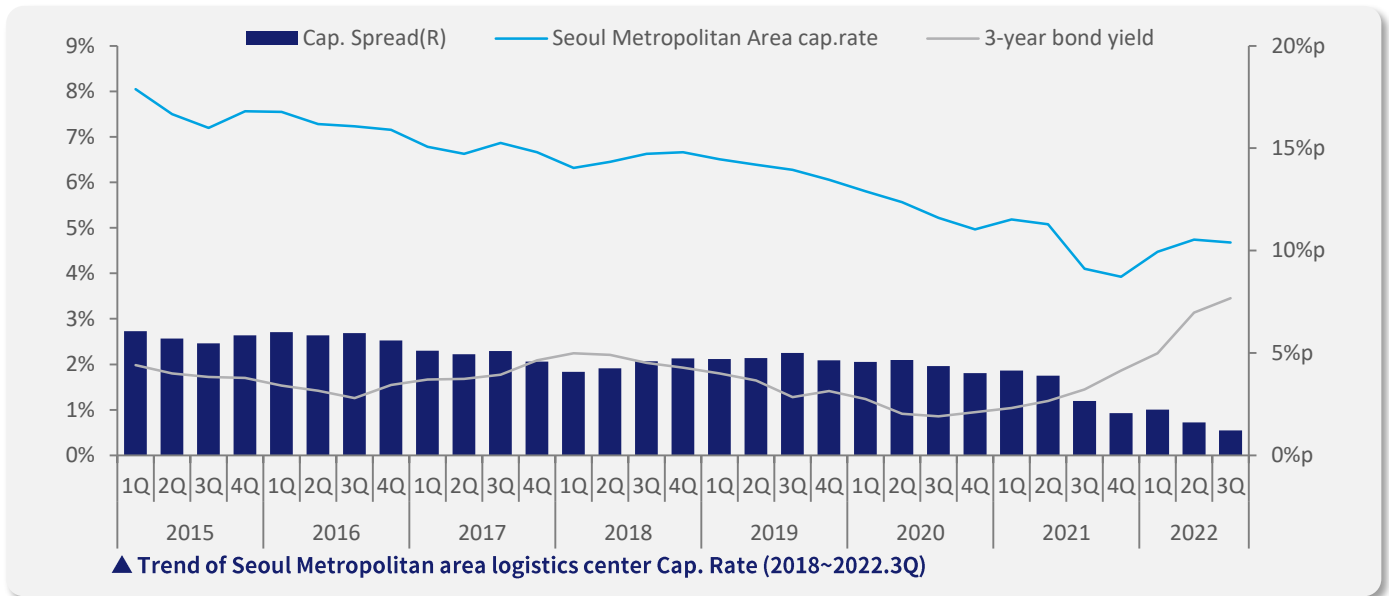
▲ Nara Logistics Center

| M | Logistics center | Address | Use | Transaction price (100 mil won) | GFA (py) | Price per py (1,000 won) | Seller / Buyer |
|---|---|-------------------------|-------|------------------------------------|-------------|-----------------------------|--|
| 7 | Dongtan Central Roses Hub | Jangji-dong, Hwaseong | Cold | 2,200 | 22,089 | 9,645 | Mastern Investment Management / Pebblestone Asset Management |
| 7 | Goyang Samsung Roses Hill | Deokyang-gu, Goyang | Dry | 1,900 | 19,856 | 9,569 | Goyang Samsung PFV / Blue Cove Asset Management |
| 7 | Pasto Iljuk Center | Iljuk-myeon, Anseong | Dry | 600 | 10,327 | 5,810 | JOONGANG GLS / Hana Alternative Asset Management |
| 8 | GREY BOX Ansan Logistics Center | Danwon-gu, Ansan | Mixed | 3,300 | 33,311 | 9,911 | Banwall Smart Logistic PFV / KB ASSET MANAGEMENT |
| 8 | Homeplus Anseong Fresh Logistics Center | Wongok-myeon, Anseong | Cold | 1,670 | 9,929 | 16,819 | KB REAL ESTATE TRUST / IGIS ASSET MANAGEMENT |
| 8 | SSG Gwangju Oppo Logistics Center | Munhyeong-dong, Gwangju | Mixed | 1,350 | 25,325 | 5,359 | KENDALL SQUARE ASSET / SSG.COM |
| 9 | Yangji SLC Logistics Center | Cheoin-gu, Yongin | Mixed | 2,850 | 34,813 | 8,200 | Yangji SLC PFV / KORAMCO REITS MANAGEMENT AND TRUST |
| 9 | Nara RED Icheon Center | Baeksa-myeon, Icheon | Dry | 1,100 | 19,579 | 5,669 | NARA RED / Mirae Asset Global Investments |
| 9 | Han Express Namicheon 1 Center | Moga-myeon, Icheon | Mixed | 900 | 11,714 | 7,683 | KORAMKO Asset Management / ADF Asset Management |

Seoul Metropolitan Area Market(2022.3Q)

(3) Transaction Cap. Rate

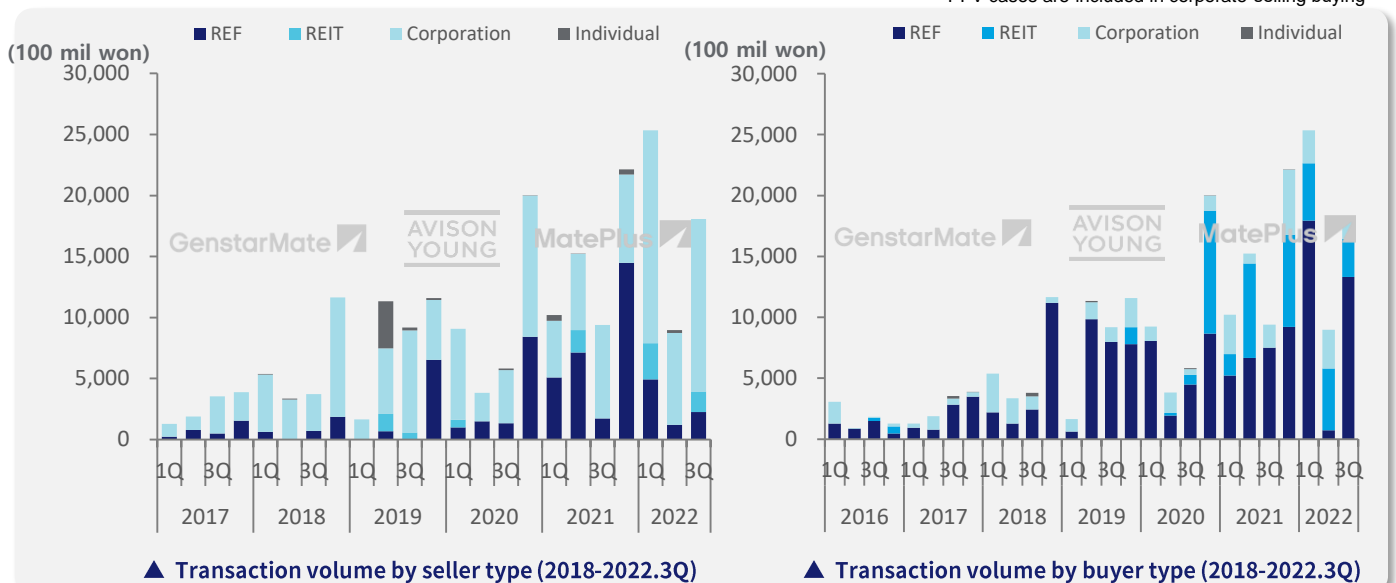
In the 2021 2H, the Cap. Rate in SMA entered 3% band temporarily due to increased demand for logistics real estate investment, and later, it rose to 4% band in 2022, 3Q. These hikes in Cap. Rates are caused by the soaring interest rate, and the Cap. Rate Spread of 3Q is shown as 1.2%p, the lowest point in the past decade. The Cap. Rate in 2022 3Q of the metropolitan area was 4.7%, followed by 5.3% in the southeast, 4.6% in the south, and 4.5% in the west. Mostly, the figures are within the mid-to-late 4% range. The Cap. Rate cases among transaction cases in 3Q are Homeplus Anseong Fresh Logistics Center with 4.0% and Yangji SLC Logistics Center with 4.1%.



(4) Transaction Volume by Seller/Buyer Type

In terms of the seller, general corporates accounted for 1.4 trillion won, 78.3% of the total transaction volume, increased 680 billion won compared to the previous quarter. In terms of the type of buyers, funds and REITs, the indirect investment organizations, accounted for about 90.9% of the total, with 1.3 trillion won and 312 billion won, respectively. Particularly, in the case of REITs, many listed REITs were steadily incorporated into the new logistics centers until the previous year, expanding the total transaction size. However, with the sharp increase in interest rate of this year, the incorporation of listed REITs, which place great importance on dividends, has been somewhat shrunk. Especially, it is confirmed that ESR Kendall Square, the representative logistics center investment REITs, has no interest in purchasing additional REITs assets in this year.

* PFV cases are included in corporate selling-buying



Seoul Metropolitan Area Market(2022.3Q)

(5) Indirect Investment Vehicle

The number of real estate funds set 2022 3Q, confirmed by Korea Financial Investment Association, was 29, of which 15 cases, accounted for 51.7%, were the real investment in the domestic logistics center. In detail, 10 cases for real investments in the metropolitan area, 3 cases in Gyeongnam, and 2 cases in Chungcheong, were established. For REITs, there were 17 new cases of business approvals or registrations in 2022, 3Q, of which, 2 cases, accounted for 13.3%, were the real investment in the domestic logistics center. The target area for real investment is Icheon-si and Yongin-si, Gyeonggi-do, limited to the metropolitan area.

Status of Newly Established Funds

| REF | Registration Date | AMC | Property |
|---|-------------------|----------------------------------|---|
| ADF PrimeLogis 3 General Private Real Estate Mater Investment Company | 2022.07.08 | ADF Asset Management | Logistics Center, Icheon, Gyeonggi-do |
| Koreit No.1 General Private Real Estate Investment Company | 2022.07.15 | KOREIT Asset Management | Logistics Center, Changwon, Gyeongsangnam-do |
| BF logistics No.3 General Private Real Estate Investment Limited | 2022.07.19 | Brookfield Asset Management | Logistics Center, Incheon Metropolitan City, Seo-gu |
| LB No.44 General Private Real Estate Investment Company | 2022.08.08 | LB Asset Management | Logistics Center, Icheon, Gyeonggi-do |
| BARO No.1 General Private Logistics Investment Company | 2022.08.19 | BARO Asset Management | Logistics Center, Jincheon, Chungcheongbuk-do |
| ADF PrimeLogis No.1 General Private Real Estate Investment Company | 2022.08.19 | ADF Asset Management | Logistics Center, Icheon, Gyeonggi-do |
| CapitalLandKorea No.14 General Private Real Estate Investment Company | 2022.09.13 | CapitaLand Investment Management | Logistics Center, Yangsan-si, Gyeongsangnam-do |
| Intrus No.2 General Private Real Estate Investment Limited | 2022.09.19 | INTRUS Investment & Management | Logistics Center, Yeosu, Gyeonggi-do |
| Koramco No.145 General Private Equity Real Estate Investment Limited | 2022.09.30 | KORAMKO Asset Management | Logistics Center, Icheon, Gyeonggi-do |

REITs Business Approval & Registration Status

| Company | Registration Date | AMC | Property |
|---|-------------------|------------------------------------|---------------------------------------|
| Woori Logis Consignment Management Real Estate Investment Company | 2022.08.10 | WOORI ASSET TRUST | Logistics Center, Icheon, Gyeonggi-do |
| Koramco Value Investment No. 4-2 Consignment Real Estate Investment Company | 2022.08.18 | KORAMCO REITS MANAGEMENT AND TRUST | Logistics Center, Yongin, Gyeonggi-do |

APPENDIX

Research Overview

Region: Seoul, Gyeonggi-do, Incheon

Target: Logistics Center with gross floor area of 3,300m² or more which uses at least 50% of its area as warehouse facilities

Research method: Telephone/site investigation, Ministry of Land, Infrastructure and Transport

Contents of research: Logistics Center license and approval status, transaction cases, tenant status and rent level

Research period: Research on the 15th to the last day of the following month at the end of each quarter

Logistics Center Grade

Small: less than ~33,508m² (less than 10,000 py)

Medium: More than 33,508m² and less than 99,174m² (more than 10,000 py and less than 30,000 py)

Large: 99,174m² or more and less than 165,289m² (more than 30,000 py and less than 50,000 py)

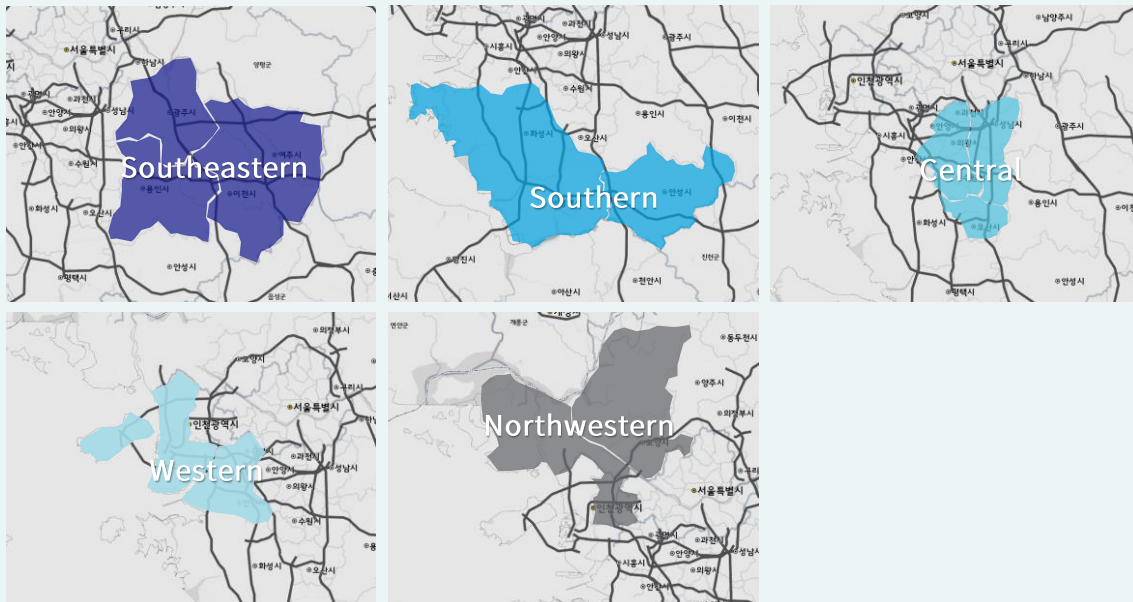
Prime: more than 165,289m² (more than 50,000 py)

Area Unit: py=3.3m²

Classification of Market & Submarket

| Market | Area | Submarket |
|---------------------|--|---|
| Southeastern | Gwangju City, Icheon City, Yeosu City, Yongin City (Cheoin-gu) | Gwangju · Gongjiam, Icheon · Yeosu, Yangji · Deokpyeong |
| Southern | Anseong City, Pyeongtaek City, Hwaseong City (excluding Dongtan Area) | Anseong, Pyeongtaek · Hwaseong |
| Central | Gunpo City, Uiwang City, Anyang City, Gwacheon City, Suwon City, Osan City, Hwaseong City (Dongtan Area), Yongin City (Suji-gu, Giheung-gu), Seongnam City | Gunpo · Anyang · Suwon, Dongtan · Osan, Singal |
| Western | Ansan City, Siheung City, Gwangmyeong City, Incheon Metropolitan City (Jung-gu, Dong-gu, Michuhol-gu, Seo-gu, Namdong-gu, Yeonsu-gu, Ongjin-gun) | Incheon, Ansan · Siheung |
| Northwestern | Goyang City, Paju City, Gimpo City, Bucheon City, Incheon Metropolitan City (Gyeong-gu, Bupyeong-gu, Ganghwa-gun) | Gimpo Gochon · Bucheon, Goyang · Paju |
| Others | The rest of Gyeonggi-do, Seoul Area | - |

Map of Submarket



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