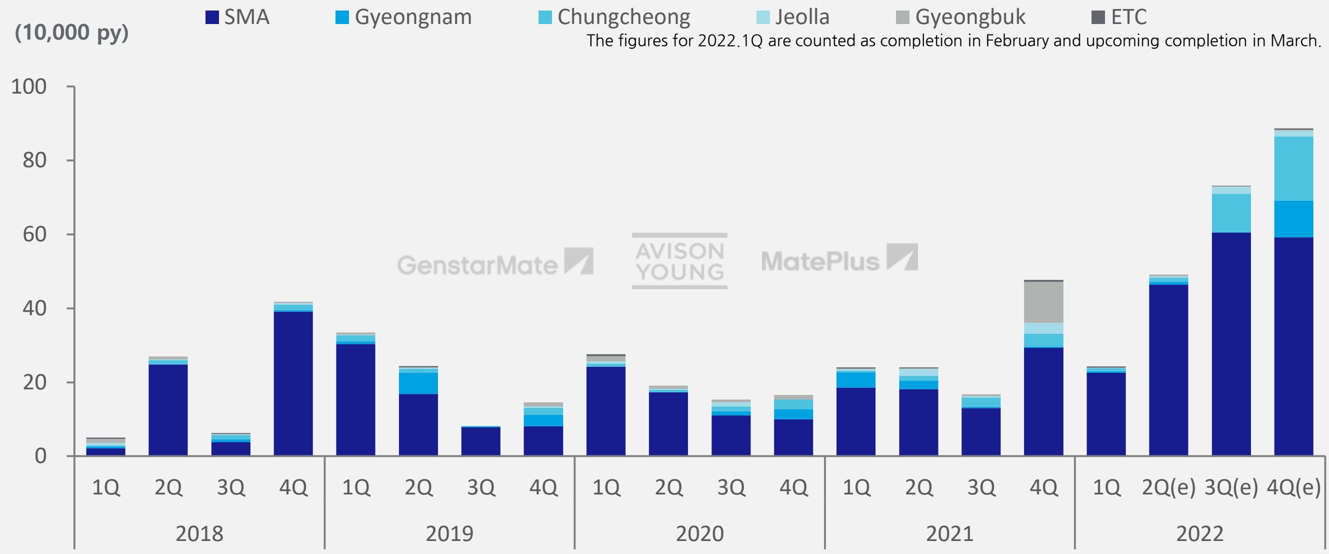
LOGISTICS MARKET REVIEW

Hangdong 7(Chil)-ga Logistics Center

National Logistics Center Market (2022.1Q)

(1) Supply Trend

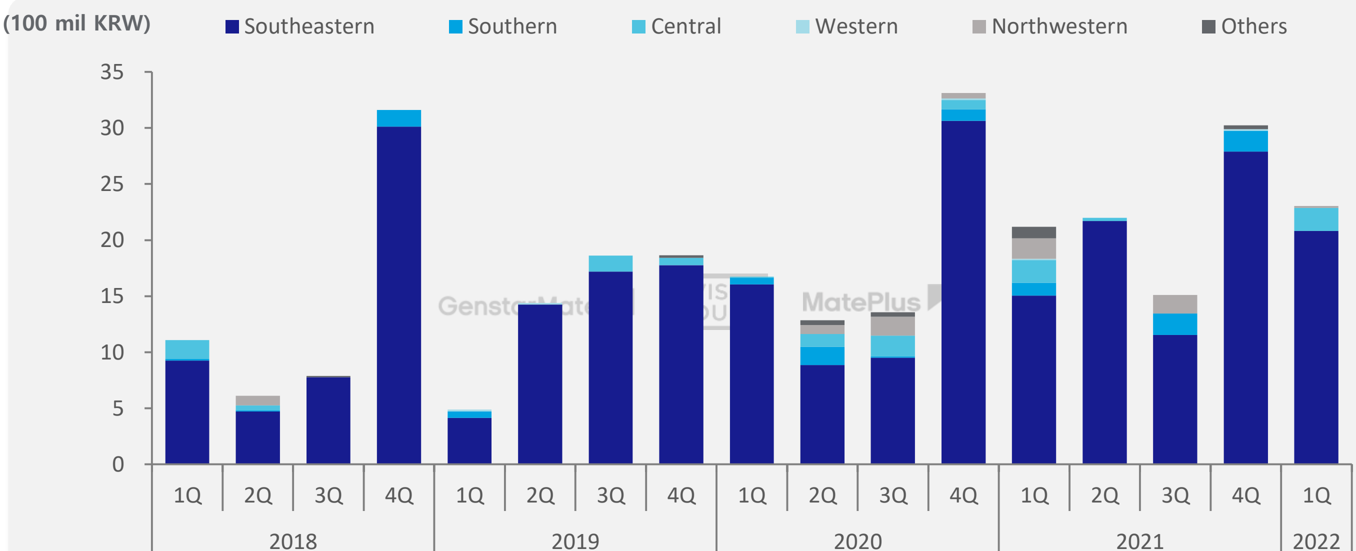
As of 2022 1Q, the national supply of logistics centers was approximately 240,000 py, down 49% from 2021 4Q, but similar to the same period of the previous year. 220,000 py, 93% of the total supply, was concentrated in the SMA(Seoul Metropolitan area), as in the previous year, but this trend will change after 2022 3Q. The national supply is expected to reach about 2.35 million py in 2022. Particularly in 3Q and 4Q, the supply is expected to be expanded to the southern part of the SMA, especially in the Chungcheong market, with about 100,000 py and 170,000 py, respectively.



▲ Trend of supply area (2018 ~ 2022.4Q, based on GFA)

(2) Transaction Trend

As of 2022 1Q, the volume of logistics center transactions nationwide reached 2 trillion KRW. This is about 18% lower than the 2.4 trillion KRW in transactions in 2021 4Q, which was the highest quarterly transaction volume, but is the highest figure among the first quarter transaction volumes. Transactions of 1.8 trillion KRW (approximately 93% of the total) took place in the SMA, followed by 1.2 trillion KRW (approximately 6% of the total) in the Chungcheong market. As the supply in the Chungcheong market will increase significantly since 2022 3Q, the volume of transactions is expected to continue to rise, and the Gyeongnam market is also expected to record significant transactions.

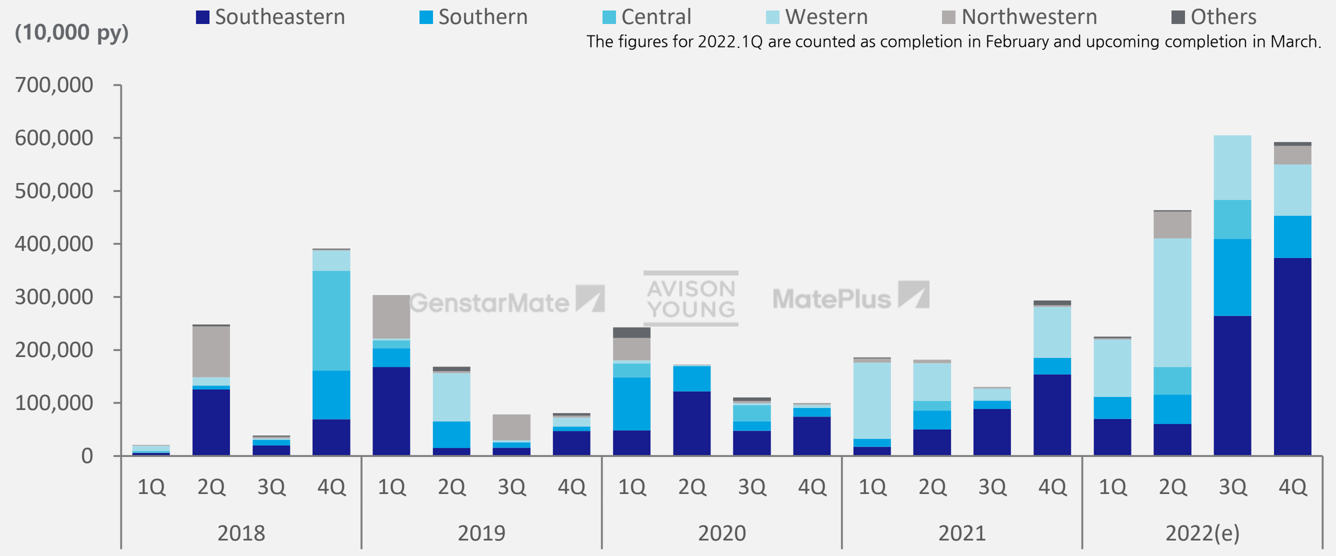


▲ Trend of transaction volume (2018 ~ 2022.1Q)

New Supply (2022.1Q)

(1) New Supply

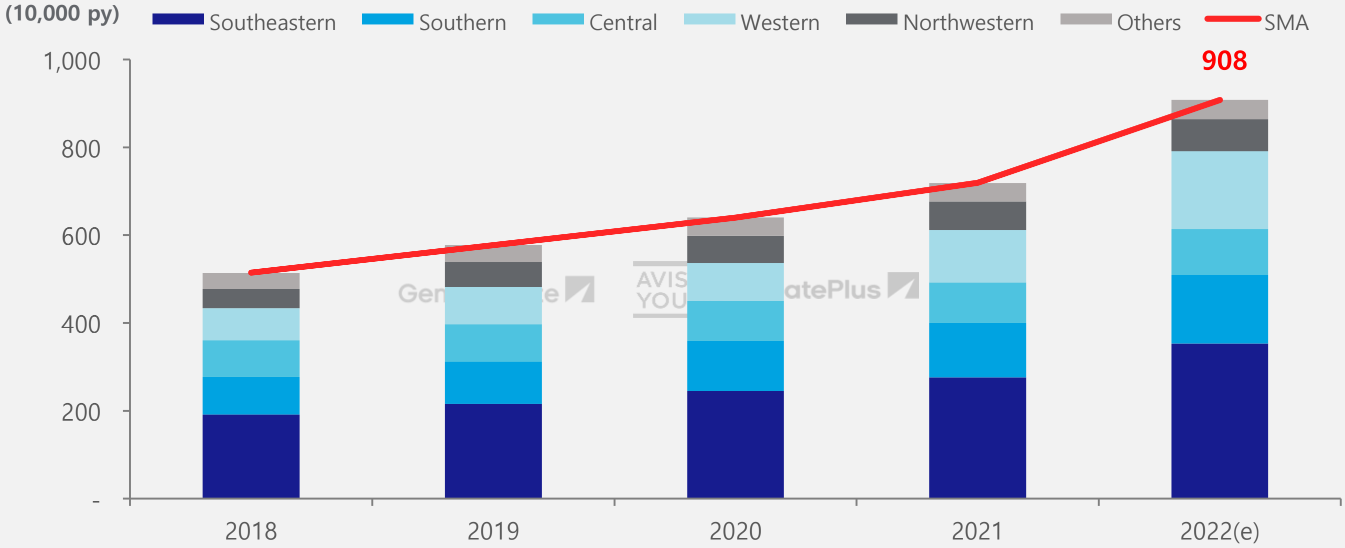
In 2022 1Q, most of the logistics center supply occurred in the SMA, of which 100,000 py was supplied, especially 48% of the supply was concentrated in the Western region. Subsequently, about 70,000 py was supplied to the Southeastern market and about 410,000 py was supplied to the Southern market. Supply is expected to surge in the SMA after 2022 2Q, with a size of about 1.9 million py per year. This is more than three times the average annual supply of 600,000 py over the past five years, and the supply of logistics centers in the SMA is expected to show a significant increase.



▲ Trend of new supply area (2018 ~ 2022.4Q, quarterly, GFA)

(2) Stocks by Market

When calculated based on licensing as of 2022 1Q, the estimated stock of the SMA in 2022 was about 9.08 million py, an increase of about 1.9 million py from the stock of 7.19 million py in 2021. Over the past 10 years, the stock has increased by 12% annually, but it has increased by 26% in 2021 and 34% in 2022. This is due to the rapid growth of the logistics center market due to COVID-19 and the growth of the development of logistics centers. The expected supply for 2022 is ranked in the order of Southeastern, Western, Southern, Central, Northwestern, and Others markets. The stock of the Western market is expected to reach about 1.8 million py, and surpass the stock of the Southern market for the first time. The Western market is expected to grow as the 2nd-largest logistics center market following the traditional logistics hub, the Southeastern market, since there are a significant amount of upcoming supplies.

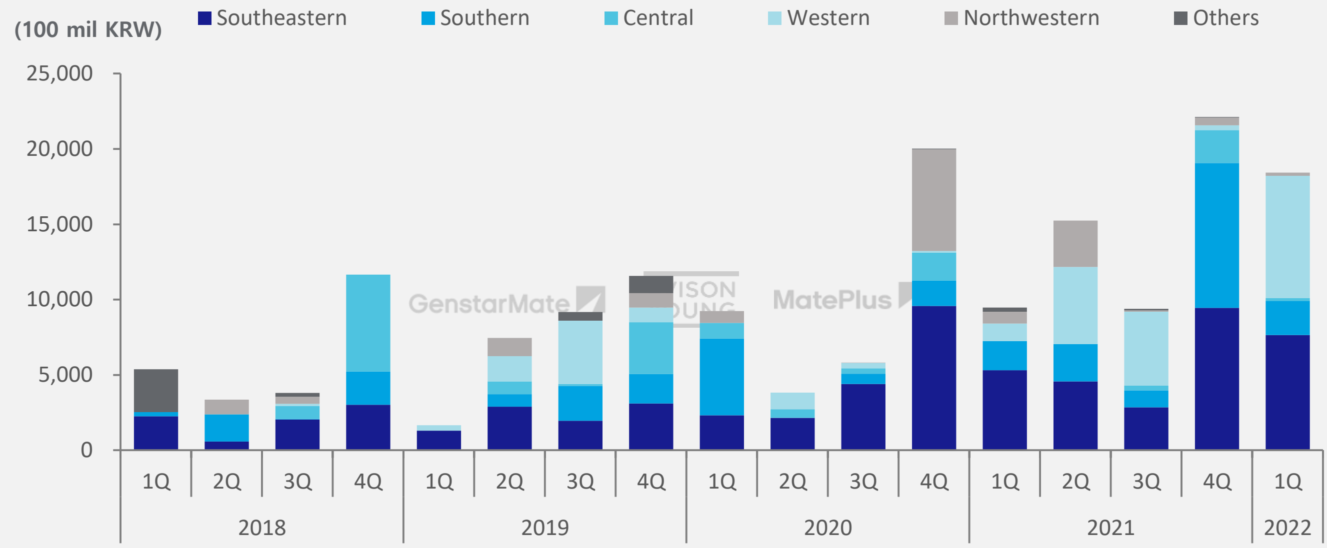


▲ Logistics Stocks by Market (2018 ~ 2022.1Q, yearly, GFA)

Transaction Market (2022.1Q)

(1) Transaction Volume

As of 2022 1Q, the transaction volume of logistics centers in the SMA was 1.84 trillion KRW, up 94.4% year on year (948 billion KRW). This is the largest first-quarter transaction volume in history. By market, the transaction volume in the Western market was 810 billion KRW, the largest transaction volume among the SMA, mostly consisting of cases in which transactions were terminated under the contract of pre-transaction before the completion. After 2022 2Q, pre-purchase and purchase at the time of completion are expected to take place at the same time as the supply of logistics centers in the SMA. KB Asset Management's Ansan Greybox and Blue Cove Investment's Goyang Samsong Dry logistics Center are scheduled for the closing of pre-purchase upon completion of construction.



▲ Seoul Metropolitan area logistics center transaction volume (2018~2022.1Q)

(2) Major Transaction Cases

A representative transaction in 1Q was the purchase of Shinhan REITs Management, a logistics center in Gwangju, Gyeonggi-do, which is incorporated in Shinhan Logis No.2 Consignment Management Real Estate Investment Company. In addition, Korea Real Estate Investment and Trust (KOREIT) purchased two cold logistics centers in Anseong; ADF Asset Management pre-purchased Hangdong 7-ga Complex logistics Center (585 billion KRW) from Aster Development in 2021 4Q; and Capstone Asset Management purchased Oryu-dong Smart logistics Center (approx. 195 billion KRW).

▲ Shinhwa Logistics Center

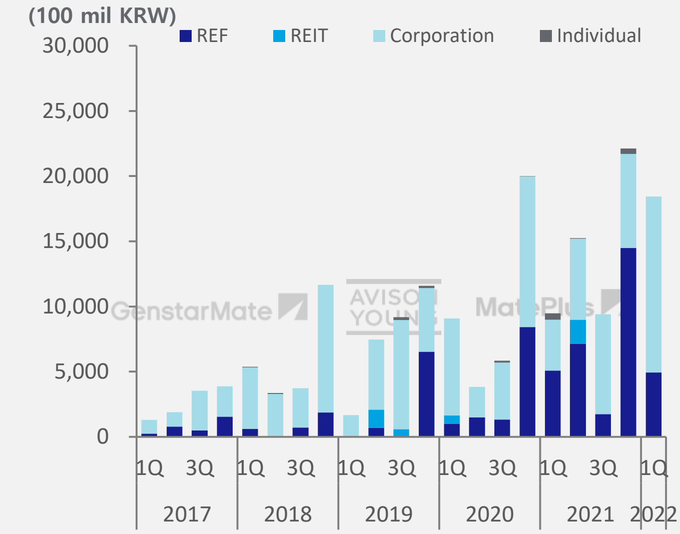
Logistics center	Address	Use	Transaction price (100 mil KRW)	GFA (py)	Price per py (1,000 KRW)	Seller / Buyer
Hangdong 7-ga Complex Logistics Center	Hang-dong 7-ga, Jung-gu, Incheon	Mixed	5,850	73,463	7,963	Aster Development / ADF Asset Management
Oryu-dong Smart Logistics Center	Oryu-dong, Seo-gu, Incheon	Mixed	1,950	12,223	15,953	Smilegate Asset Management / Capstone Asset Management
Rich logistics Center 1,2	Juksan-myeon, Anseong, Gyeonggi-do	Cold	1,580	16,430	9,617	Rich Development / KOREIT
CJ Logistics Sindyeokpyeong Logistics Center	Hobeop-myeon, Icheon, Gyeonggi-do	Dry	1,300	17,712	7,340	IGIS Asset Management / Hyundai Asset Management
Gwangju logistics Complex Cold Center	Docheok-myeon, Gwangju, Gyeonggi-do	Cold	1,210	11,092	10,872	METHEUS Asset Management / Shinhan REITs Management
Ettang Cheonan logistics Center D	Seobuk-gu, Cheonan, Chungcheongnam-do	Dry	525	8,245	6,367	Ettang / KREITs Investment Management
HN Logistics Center	Seolseong-myeon, Icheon, Gyeonggi-do	Dry	370	7,263	5,122	HN Logistics / Eugene Asset Management
Shinhwa Logistics Center	Hang-dong 7(chil)-ga, Jung-gu, Incheon	Cold	300	3,348	8,961	Shinhwa Distribution / Mplus Asset Management
SK Networks Jukjeon Logistics Center	Jukjeon-dong, Suji-gu, Yongin, Gyeonggi-do	Dry	200	1,782	11,226	SK Networks / Koramco REITs Management and Trust

Transaction Market (2022.1Q)

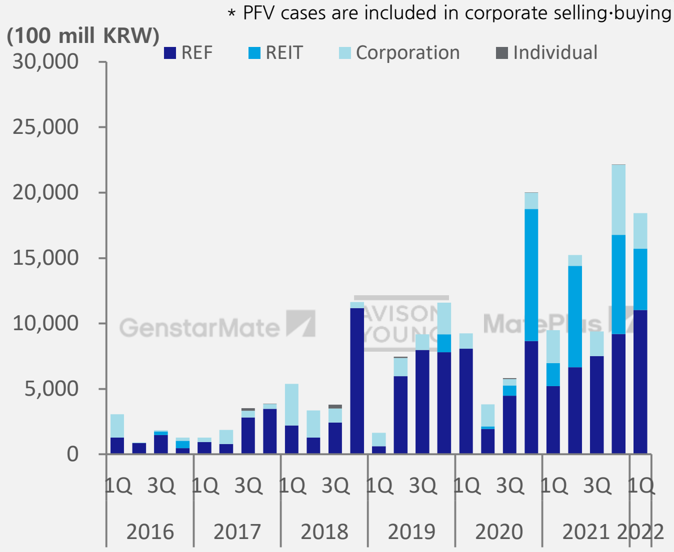
(3) Transaction Volume by Seller/Buyer Type

In terms of seller type, corporate sales recorded the highest sales volume of 1.3 trillion KRW, and funds worth 490 billion KRW were sold. It has been confirmed that there has been no selling of REITs in the current quarter. In terms of buyer type, funds and REITs accounted for about 85.4% of the total purchase volume with 1.1 trillion KRW and 470 billion KRW, respectively, and purchases by corporations were 270 billion KRW. In particular, REITs have recently become a stable asset in a high-inflation environment as buying has been steady due to the ESR Kendall Square, NH All One REITs, and Koramco Energy Plus REITs.

* PFV cases are included in corporate selling·buying



▲ Transaction volume by seller type (2018-2022.1Q,quarterly)



▲ Transaction volume by buyer type (2018-2022.1Q,quarterly)

(4) Indirect Investment Vehicle

According to the Korea Financial Investment Association, 33 real estate funds were set up in 2022 1Q, of which 14 (about 42.4%) that invested in actual domestic logistics centers were counted in the current quarter, indicating a growing demand for logistics centers along with offices. Of these, Wide Creek Asset Management accounted for the largest portion by setting up 3 funds for the purpose of development. Among public REITs containing logistics centers, large REITs such as Mastern Premier REITs and Logis Valley Shinhan REITs with assets worth more than 500 billion KRW are set to be listed amid growing interest in alternative investments due to inflation and increased stock market volatility.

Type	REF/Company	Registration Date	AMC	Property
REF	Koramco No.135 General Private Equity Real Estate Investment Limited	‘22.01.10	Koramco Asset Management	Logistics Center, Icheon, Gyeonggi-do
	Pacific Logistics No. 60 General Private Equity Real Estate Investment Company	‘22.01.27	Pacific Asset Management	Logistics Center, Icheon, Gyeonggi-do
	Wide Creek No. 3 General Private Equity Real Estate Investment Company	‘22.02.04	Wide Creek Asset Management	Logistics Center, Icheon, Gyeonggi-do
	Mastern No.146 General Private Equity Real Estate Investment Company	‘22.02.28	Mastern Asset Management	Logistics Center, Namdong-gu, Incheon
	Hankang Domestic General Private Equity Real Estate Investment Trust No.24	‘22.03.17	Hangang Asset Management	Logistics Center, Eumsung, Chungcheongbuk-do
	Eugene Prime Logistics No. 1 General Private Equity Real Estate Investment Limited	‘22.03.28	Eugene Asset Management	Logistics Center, Icheon, Gyeonggi-do
REITs	Femco Logistics No. 9 Consignment Management Real Estate Investment Company	‘22.01.26	Pacific Asset Management	Logistics Center, Yongin, Gyeonggi-do
	Logis Valley Shinhan Consignment Management Real Estate Investment Company	‘22.01.26	Shinhan REITs Management	Logistics Center, Ansung, Gyeonggi-do

2022.1Q / Nationwide · Seoul Metropolitan Area
Logistics Quarterly Review

APPENDIX

Research Overview

Region: Gyeonggi-do, Incheon, Seoul
Target: Logistics Center with gross floor area of 3,300㎡ 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

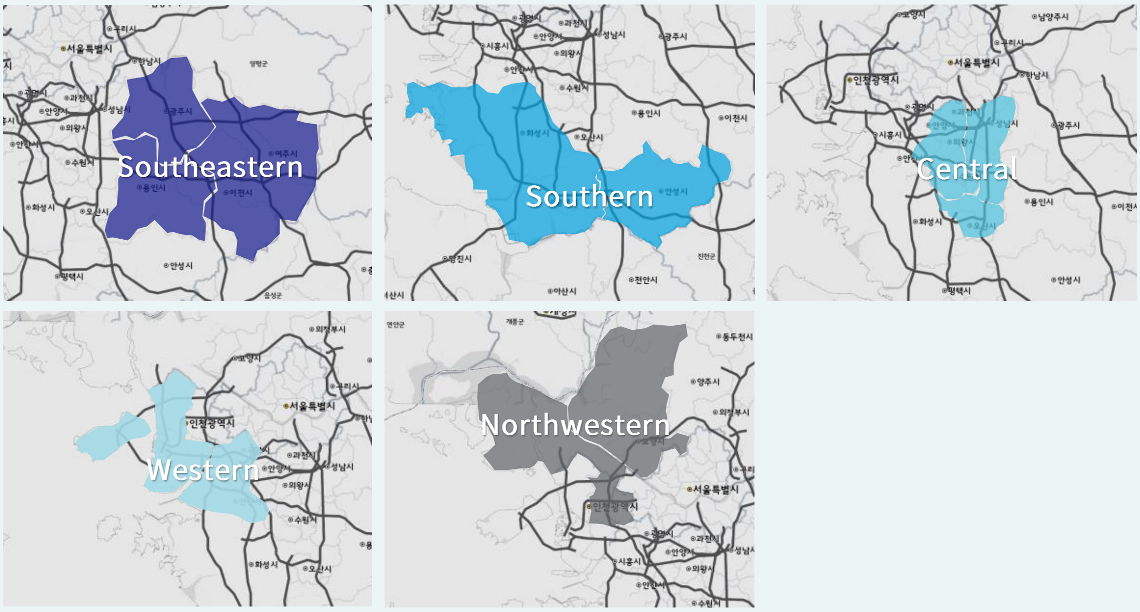
Logistics Center Grade

Small-Medium: less than ~33,508㎡ (less than 10,000 py)
Medium-Large: More than 33,508㎡ and less than 99,174㎡ (more than 10,000 py and less than 30,000 py)
Large: 99,174㎡ or more and less than 165,289㎡ (more than 30,000 py and less than 50,000 py)
Prime: more than 165,289㎡ (more than 50,000 py)
Area Unit: py=3.3㎡

Classification of Market & Submarket

Market	Area	Submarket
Southeastern	Gwangju City, Icheon City, Yeoju City, Yongin City (Cheoin-gu)	Gwangju · Gonjiam, Icheon · Yeoju, 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 (Gyeyang-gu, Bupyeong-gu, Ganghwa-gun)	Gimpo Gochon · Bucheon, Goyang · Paju
Others	The rest of Gyeonggi-do, Seoul Area	-

Map of Submarket



GenstarMate Real Estate Research Center

Hyounggoo Lee
Head of Center
02.3775.7290
hg.lee@genstarmate.com

Rita Kim
Head of Research
02.3775.7252
rita.kim@genstarmate.com

Inkoo Park
02.3775.7269
inkoo.park@genstarmate.com

Jihee Baek
02.3775.7224
jihee.baek@genstarmate.com

MatePlus Logistics Division

Jongsu Roh
Head of Logistics Div.
02.3775.7334
jsn007@mpre.co.kr

Yoonsik Hwang
Head of Strategic Deal Advisory Team
02.3775.7333
yshwang@mpre.co.kr

Gunwoo Nam
Head of Leasing Management Team
02.3775.7264
gunwoo.nam@mpre.co.kr

Youngchul Park
Head of Property Management Team
02.3775.7322
youngchul.park@mpre.co.kr