IGIS Asset Management

*M*arket *O*utlook

H1 2026

IGIS Strategic Research Division

INVESTING IN
LASTING VALUES

2026 Market Outlook

Jan. 2026 | IGIS Strategic Research Division

이지스자산운용
IGIS Asset Management

2025 Market Snapshot and Key Themes

Macro

Global/ Korea	Global/ Korea	Korea	Korea	Korea
Growing Uncertainty in Monetary Policy Trajectory	Persistent Geopolitical Risks	Divergence in Trade Surplus vs. Domestic Economy	Government-led Fiscal Expansion	Stricter Lending Regulations for Financial Institutions
Higher-for-longer rates, Prolonged burden on leveraged assets	Global Supply-chain Restructuring, Accelerated Industrial Capital Outflows	Declining real income, Self-employed downturn extend weak sentiment	Fiscal pressures, Weakening foreign inflows, Rising inflationary pressure	Diversified financing – methods, Contracted CRE Liquidity

Capital

- Capital Shift to Digital Core/ Infrastructure
- Global CRE Transactions↑ (Countercyclical Sectors)
- APAC Capital Inflows↑ (North America/ Middle-East)
- Slowing Returns in Legacy Assets → Larger Deal Sizes

CRE

- Office: Prime Office Outperforms Continues, Transaction Volume Surge
- Logistics: Dry/ Large Stabilize, Domestic Investors Stay Cautious
- Hotel: Inbound Demand↑, Supply↓, Expanding Transaction Volume
- D/C: Intensified Supply Competition

Source: IGIS Strategic Research Division

Investment Sentiment Recovering, Capital Concentration in AI-Linked Sectors

New Investment Structures, and Partnership Expansion
→ Multi-Party Deals, Infra Integration

Financial Institution Debt Oversight/ PF Restructuring
→ Lending Gap Creates

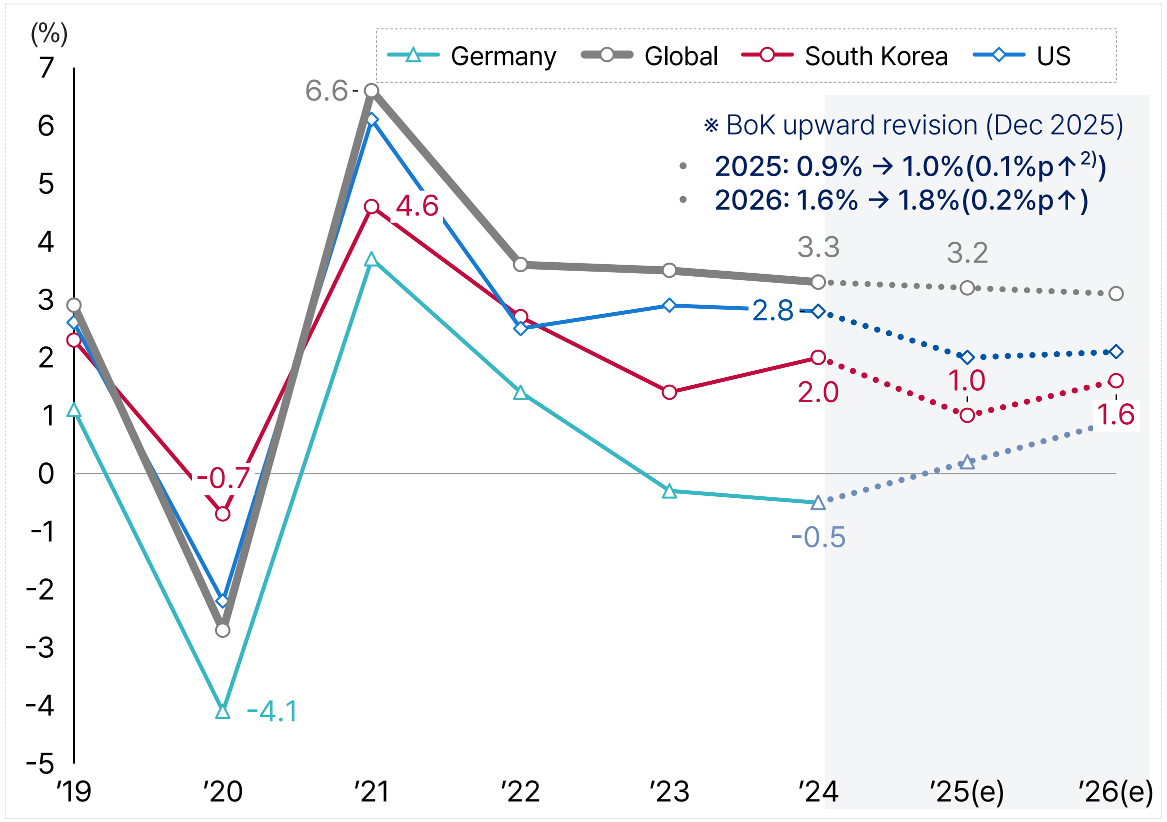
CONTENTS

1. Market Fundamentals and Capital Trends

2025 Global growth at 3.2%, Korea at 1.0%
US tariff agreements, export strength, fiscal policy to support GDP growth upward revision.

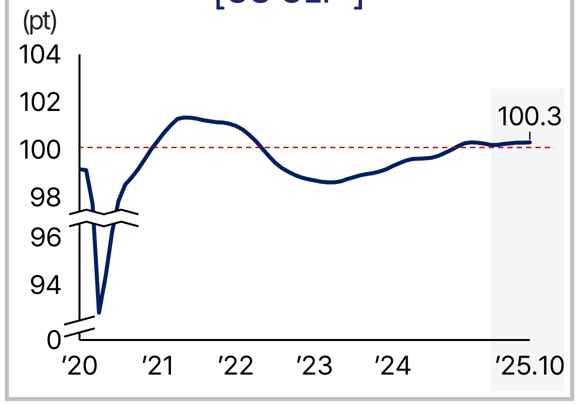
Global/ Korea Economy Forecast

Real GDP Growth(YoY)1)

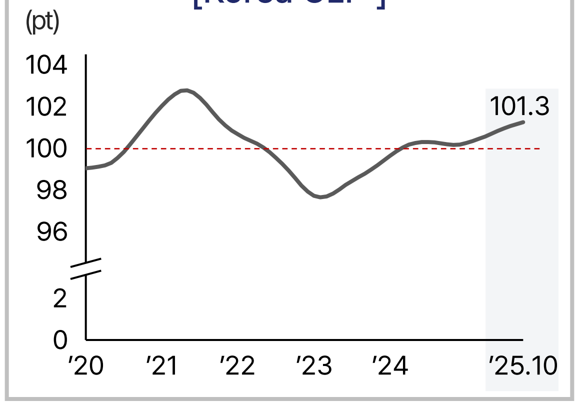


US/ Korea Economic Indicators

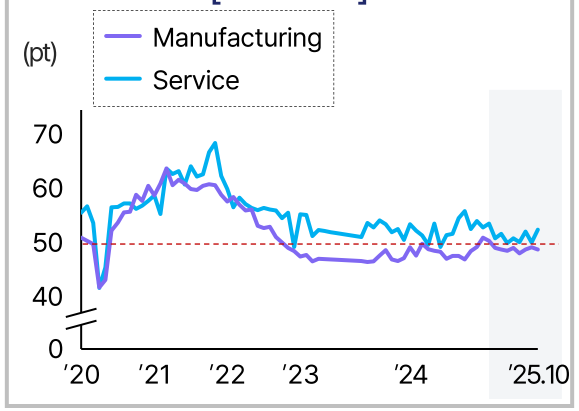
[US CLI3)]



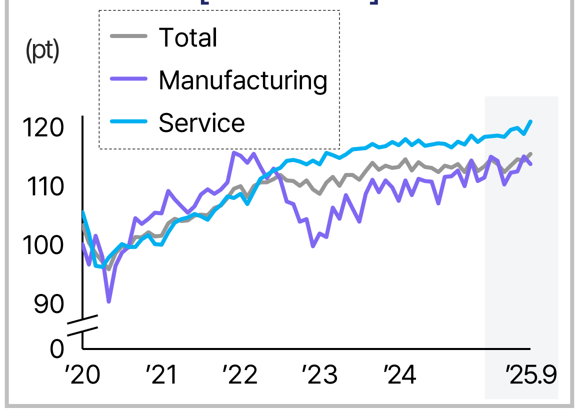
[Korea CLI3)]



[US PMI4)]



[Korea IPI5)]



1) Forecast Sources: Global – IMF Oct '25 World Economic Outlook, Korea – BOK Aug 2025 Economic Outlook Report 2) Compared to May '25 Report 3) OECD CLI, below 100 indicates contraction, above 100 indicates expansion 4) PMI (Purchasing Manager Index) below 50 indicates contraction, above 50 indicates expansion 5) Industrial Production Index, base year 2020 = 100

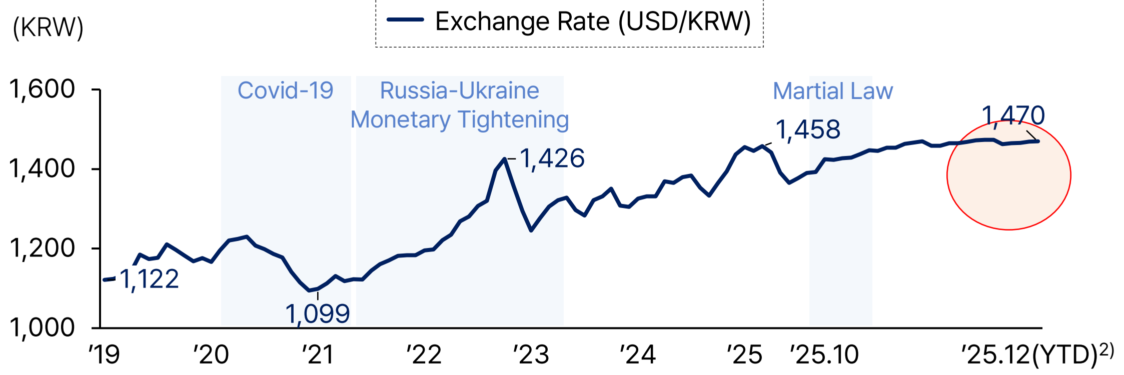
Source: BOK, Statistics Korea, US BEA, IMF, S&P Global, IGIS Strategic Research Division

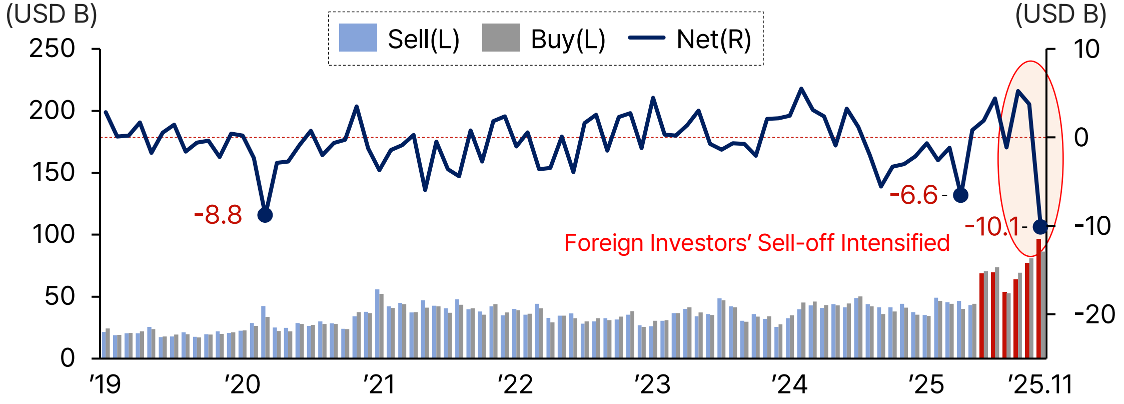
1. Market Fundamentals and Capital Trends

Korean currency depreciation heightened(foreign capital outflows, USD demand), Trade surplus from Semiconductors/ Autos/ Ships, but tariff impact expected from 2026.

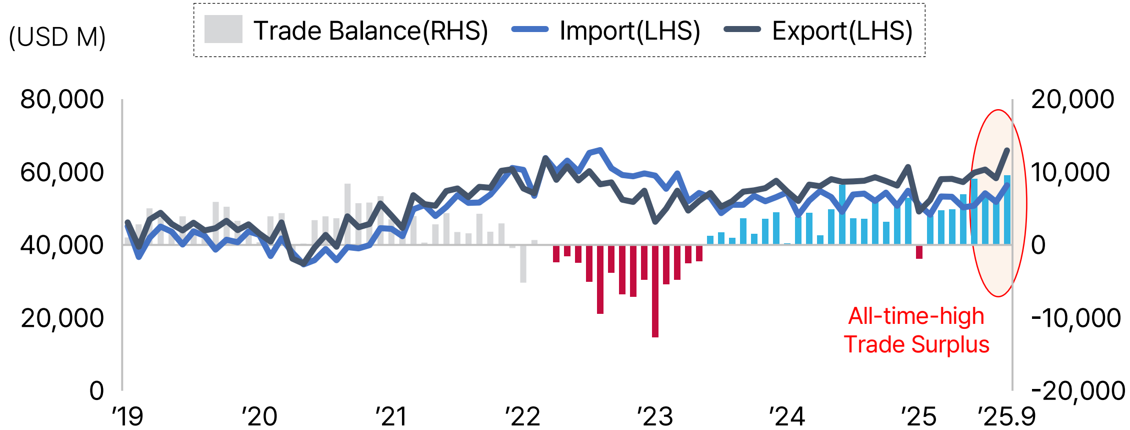
Currency Exchange/ Foreign Capital Flows/ Trade

[USD/KRW Exchange & Foreign Investor Capital Flow[1]]

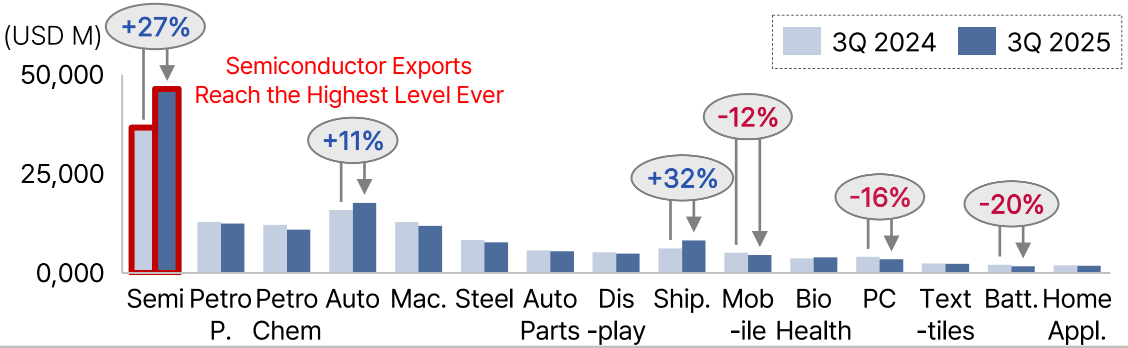




[Trade Balance]



[Export Performance (YoY, %)]



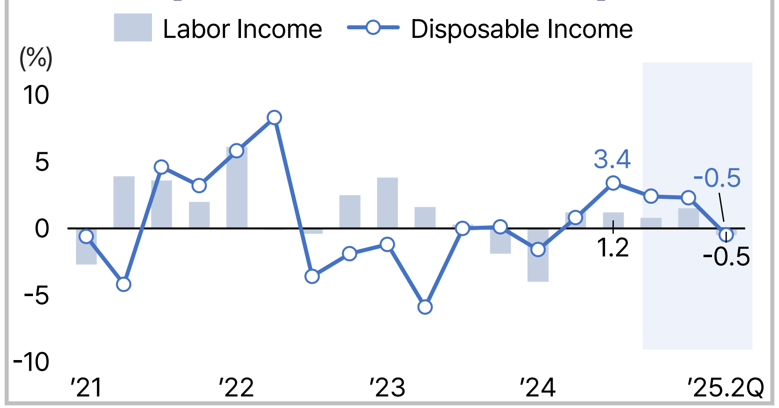
1) Securities (KOSPI) Net Purchases 2) As of: Dec 3, '25
Source: BOK, Statistics Korea, FRED, S&P Global, IGIS Strategic Research Division

1. Market Fundamentals and Capital Trends

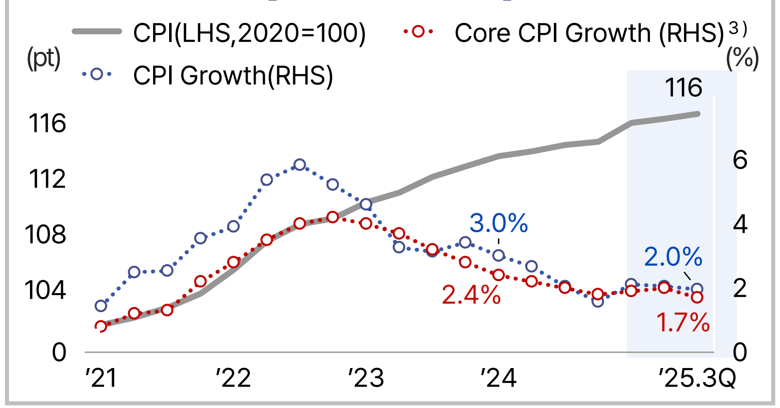
Real income deceleration continues,
yet private consumption growth and positive sentiment drive economic rebound.

Domestic Inflation/ Consumption

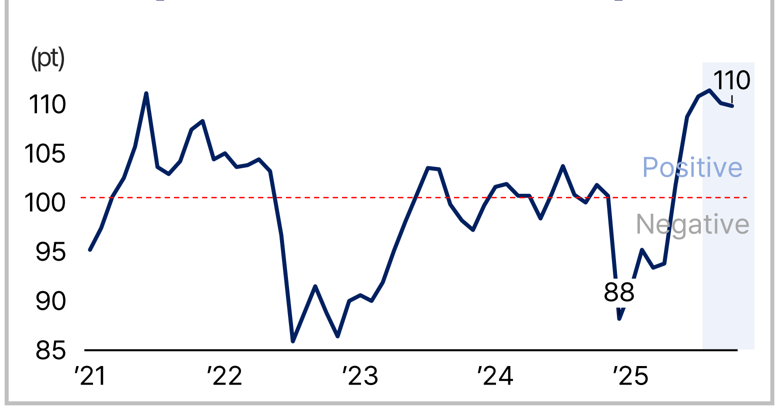
[Real Income Growth Rate1)]



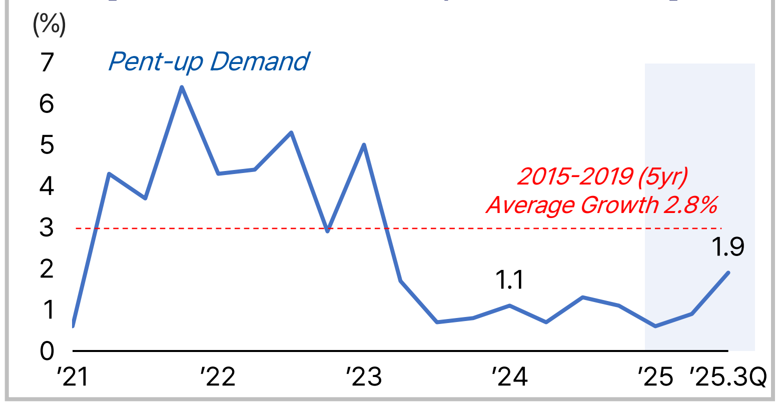
[Inflation Rate1)]



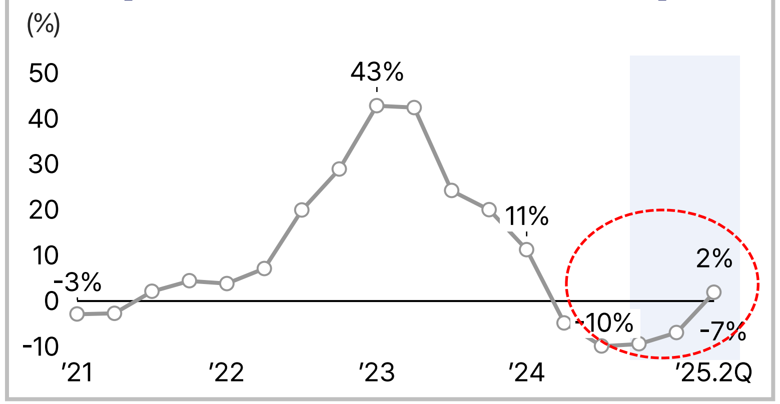
[Consumer Sentiment Index4)]



[Real Private Consumption Growth2)]



[Household Interest Cost Growth1)]



[Economic Sentiment Index5)]

1) YoY (Quarterly) 2) GDP Private Consumption Basis (Seasonally Adjusted, YoY): Total Household Goods/Services Expenditure Growth Rate in GDP 3) Excl. Food · Energy 4) Long-term Average = 100 as Baseline, above 100 indicates more optimistic than long-term average, below 100 indicates pessimistic 5) Index to Comprehensively Assess Private Economic Agents' Sentiment on Economic Conditions (above 100 indicates consumers and businesses view economic conditions as improved, below 100 indicates otherwise)

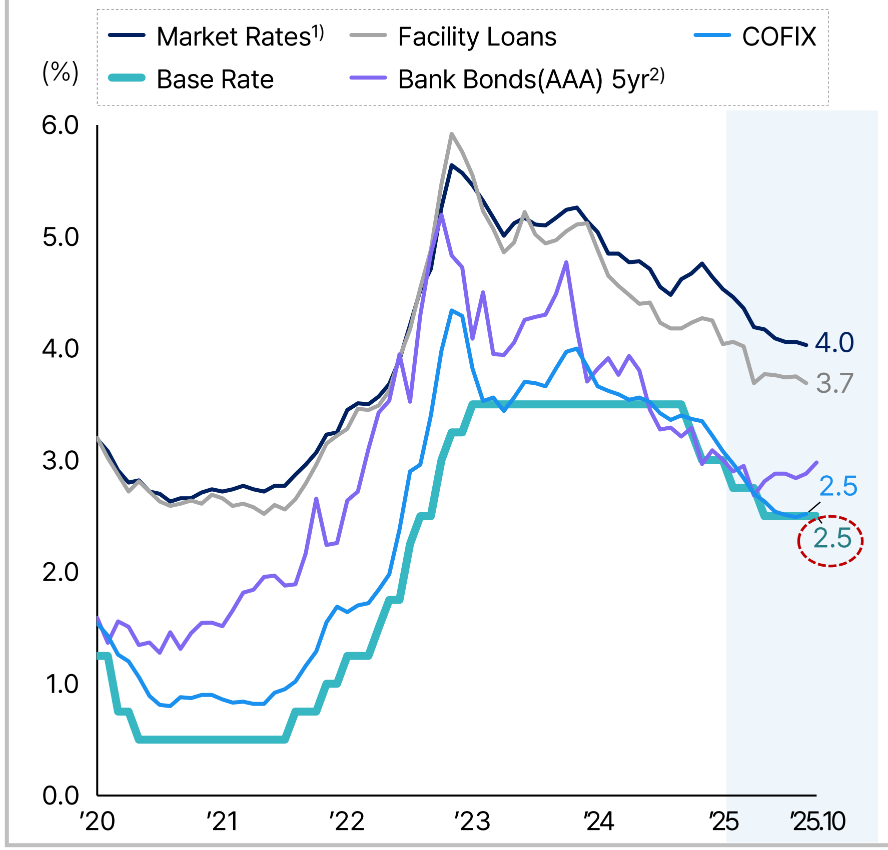
Source: Statistics Korea, BOK, IGIS Strategic Research Division

1. Market Fundamentals and Capital Trends

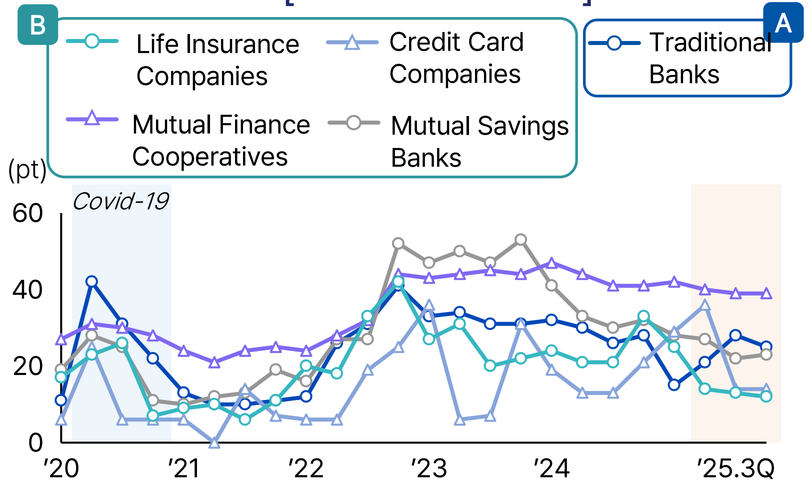
BOK to hold rates in H2, but credit risk recovery is delayed and conservative lending continues. US Fed to slow rate cut pace on the labor/inflation risks.

Key Market Rates/ Credit Risk Index

[Market Rates]

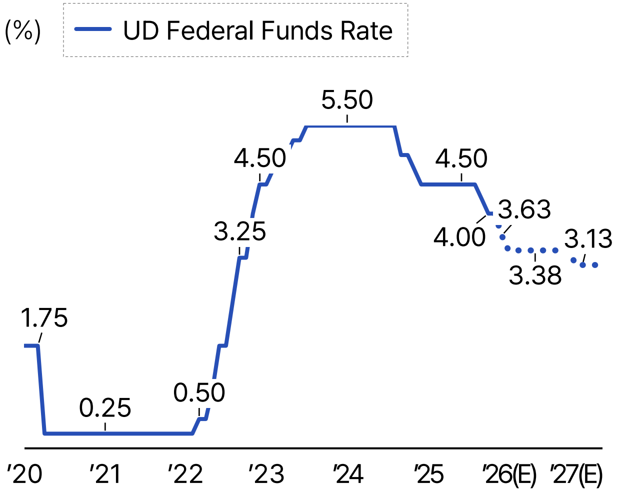


[Credit Risk Index3)]



A	Traditional Banks	B	Non Bank Financial Institutions(NBFIs)
	• Household loan↑ • Corporate loan decelerates • Tighter standards overall - SME: Stricter - Large corporation: Easier		• Household loan ↑ • Corporate loan ↓ • High delinquency (7.4%) - Savings Bank: 13.6% - Large corp.: 0.04% → 0.1% - SME: 2.9% → 3.4%

US Federal Funds Rate4)



- Fed target range 0.25% cuts(3.75%~4.00%)
- Economy indicates modest expansion
  ① Unemployment↑, but < 5%(natural rate)
  ② Tariff inflation seen as transitory
  ③ Employment slowdown persists
- QT end signaled(Dec 2025)
- Shift to gradual easing expected, growing consensus for rate cut6) (Dec)

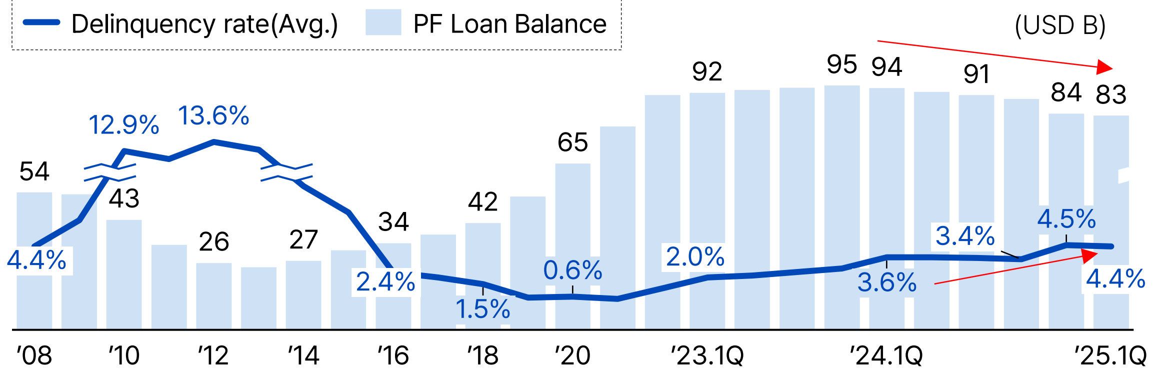
1) Weighted average rates for corporate loans (large/SME) and household loans (mortgages, credit loans) at deposit banks, new loans basis 2) Month-end, average of 5 private rating agencies
3) Index quantifying domestic financial institutions' credit officers' assessment of loan default risk (higher positive values indicate higher risk) 4) Based on September 2025 FOMC dot plot
5) Quantitative Tightening 6) FedWatch: 87.0% probability of a 25bp rate cut (as of Dec. 3)
Source: CME Group FedEatch, Federal Reserve Bank, Bank of Korea, Korea Financial Investment Association, IGIS Strategic Research Division

1. Market Fundamentals and Capital Trends

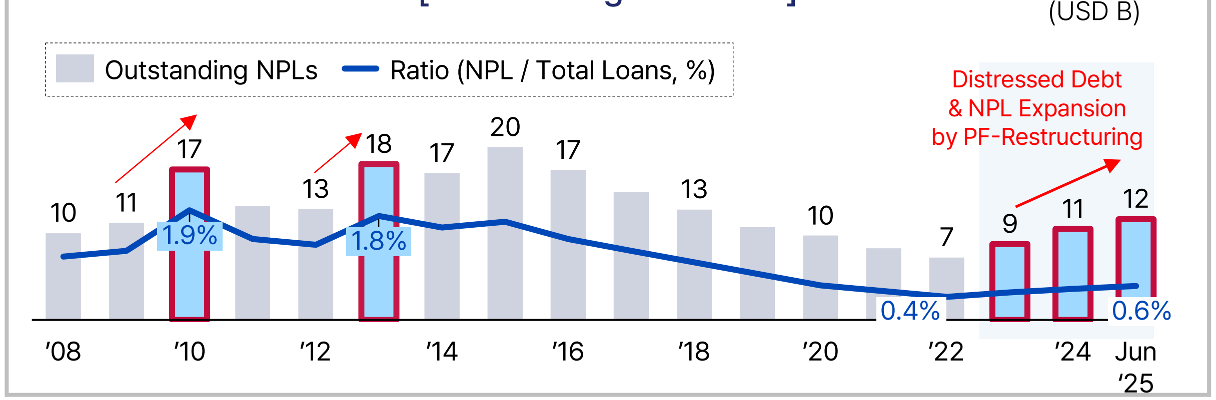
PF loan balance decreased while delinquency rate rising(Bridge loans, Non-bank lenders), Financial authority-led PF restructuring, bank NPLs increase.

Real Estate PF Loans

[PF Loan Balance and Delinquency rate]

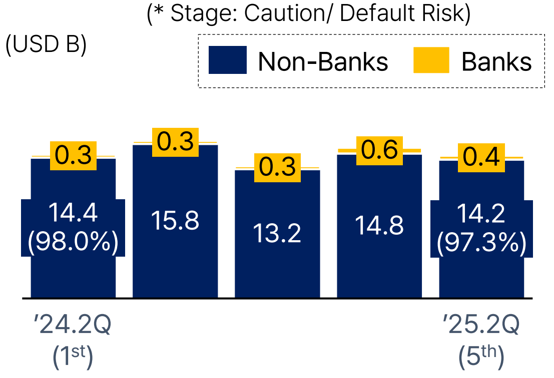


[NPL Holdings of Banks]

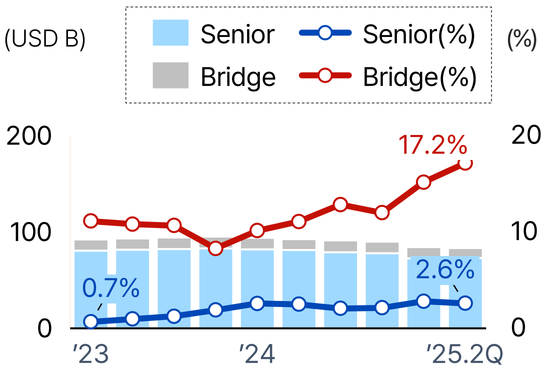


[Distressed PF Loan[1]]

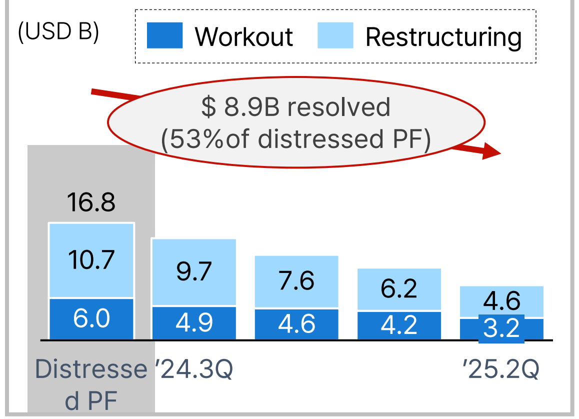
(* Stage: Caution/ Default Risk)



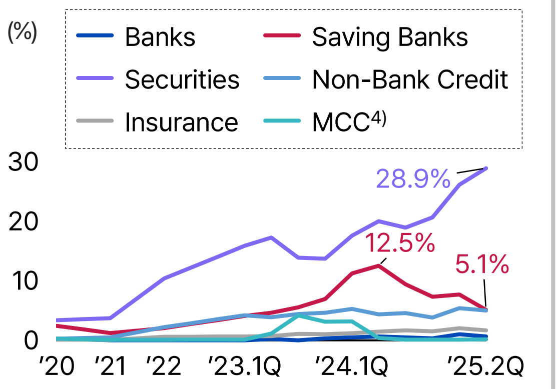
[Balance & Delinquency by Type]



[PF restructuring by stage[2]]



[Delinquency by Lenders[3]]



1) 1st→5th Indicates Progress Stages of Viability Assessment, 1st Assessment in Jun '24 Prioritized Distressed Projects, 2nd~5th Assessments Conducted Quarterly by FSS for All PF Projects
2) Among Watchlist/Distressed Projects, Those for Auction/Private Sale/Write-off are Classified as 'Liquidation', Those Requiring New Funding/Capital Structure Reorganization are Classified as 'Restructuring'
Source: FSS, FSC, IGIS Strategic Research Division

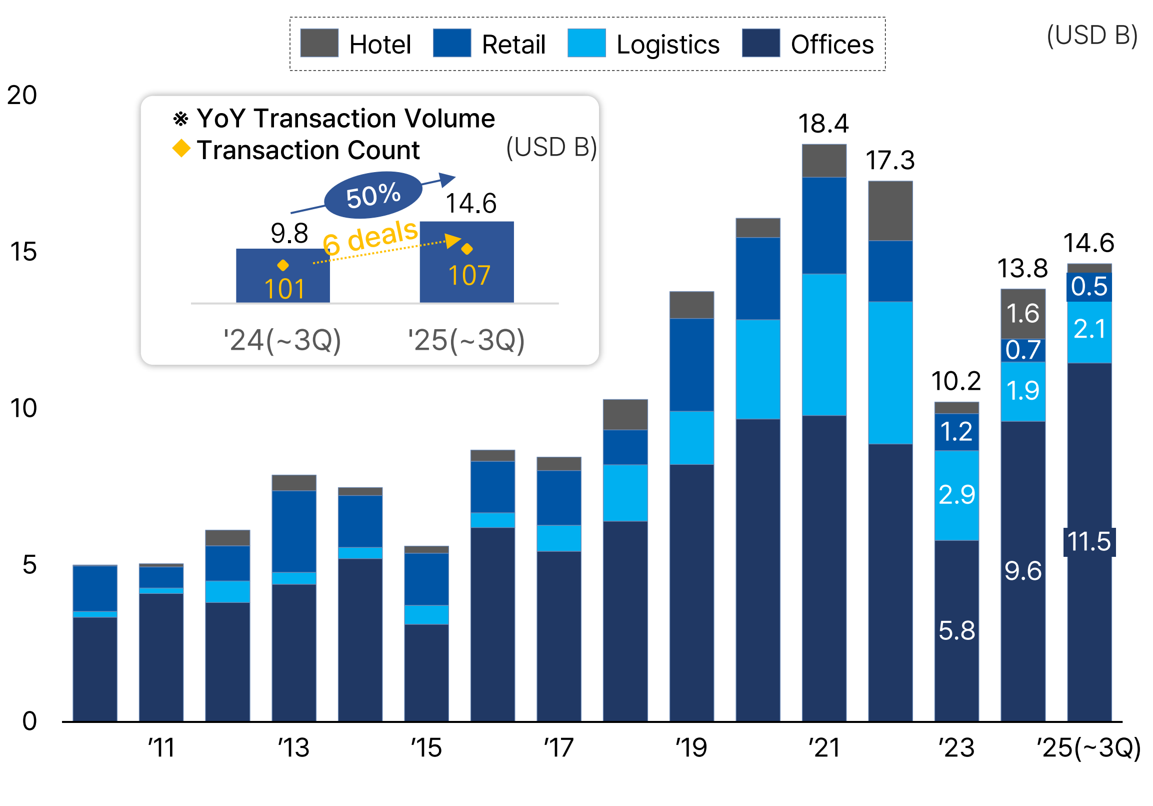
2. CRE Sector Trends

2. Korea CRE Trends

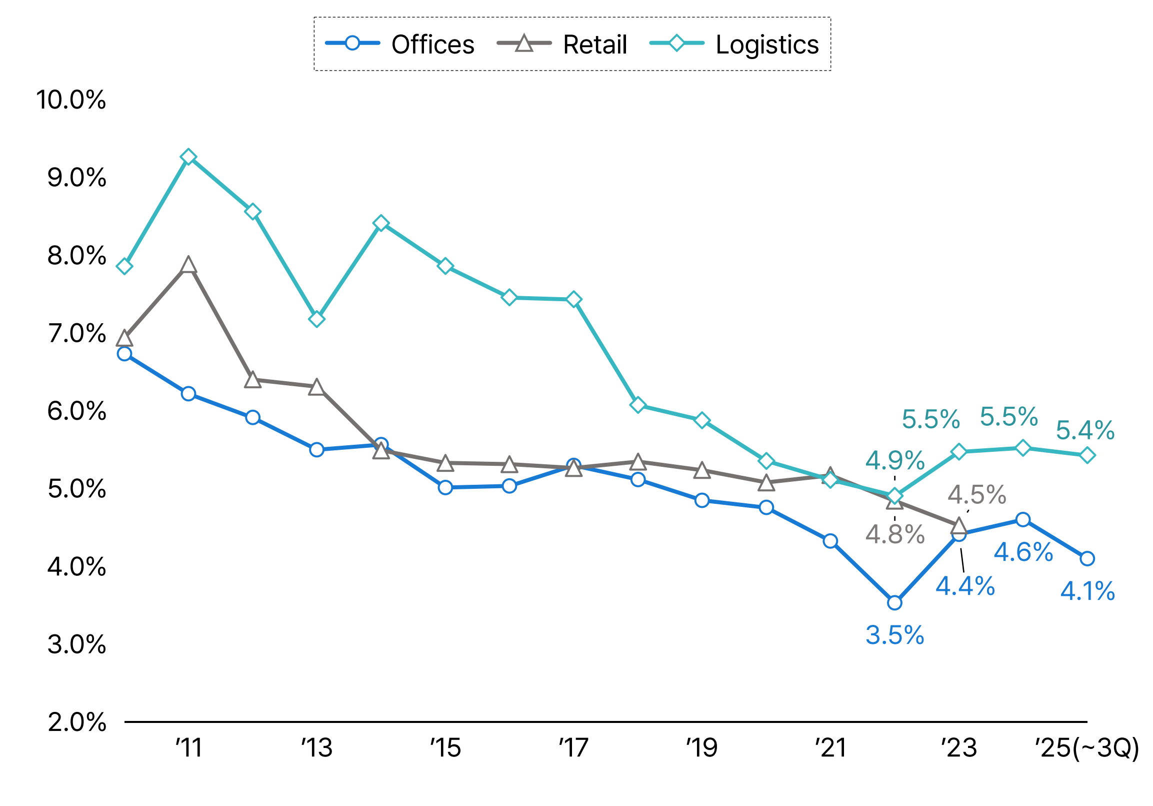
CRE transaction volume reaches USD 14.6 billion(+50% YoY) with office driving market expansion (78% of total), logistics rebound(+41% YoY).

CRE Investment Market Trends

CRE Transaction Volume



CRE Cap Rate1)



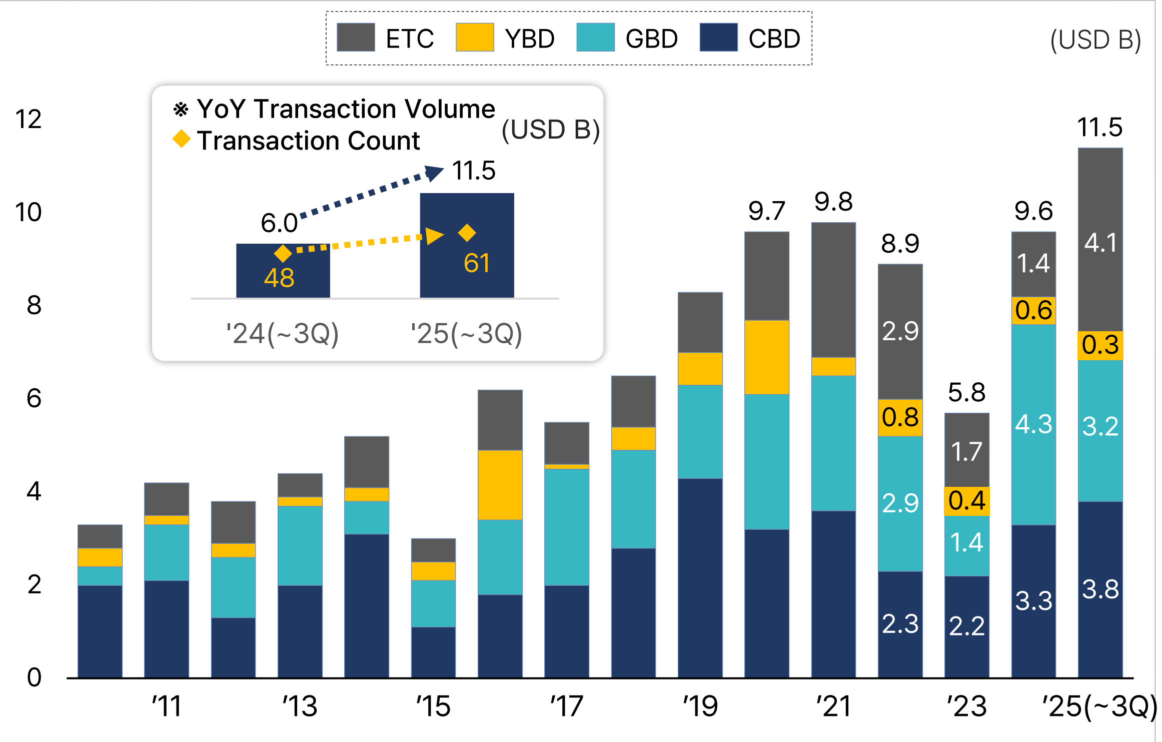
1) 'Nominal' Cap Rate Statistics Provided Since H2 2023 Outlook Report, Retail '24 Cap Rate Excluded Due to Limited Transaction and Cap Rate Survey Cases, '25.1Q Survey: 2 Cases at Cap Rate 2.5% Level
Source: Rsquare, IGIS Strategic Research Division

2.1. Office Sector

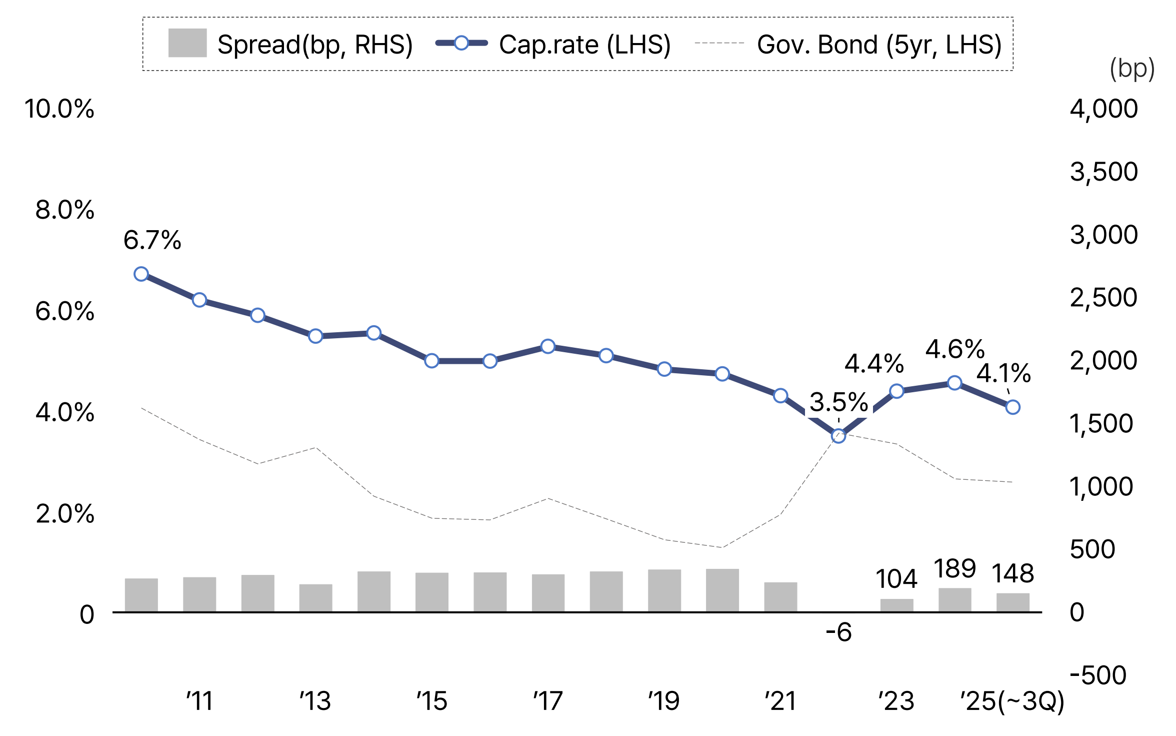
Office transaction volume at USD 11.5 billion(+90% YoY), Cap.rate at 4.1%.

Transaction Volume

Transaction Volume



Office Nominal Cap.rate[1] and Gov. Bond Spread



※ Q3 '25 Major Area Transactions: CBD_Ferum Tower(USD 452 mill., USD 8,057/m², Pacific Tower(USD 402 mill., Unit Price: 6,785 USD /m²)/ Hyundai Group Building(USD 315 mill., Unit Price: USD 5,937/m²), GBD_NC Tower 1(USD 311 mill., Unit Price: USD 9,965/m²)/ WeWork Building(USD 149 mill., Unit Price: USD 7,421/m²)/ ETC_Tower 730(USD 609 mill., Unit Price: USD 7,421/m²)/ NUDIT Seoul Forest(USD 128 mill., Unit Price: USD 7,421/m²)

1) '23 office nominal Cap. Rate increase driven by price adjustment and rent growth FX rate based on Hana Bank official posted USD/KRW base rate (3-month average as of end-Nov 2025): 1,426.71 KRW/USD

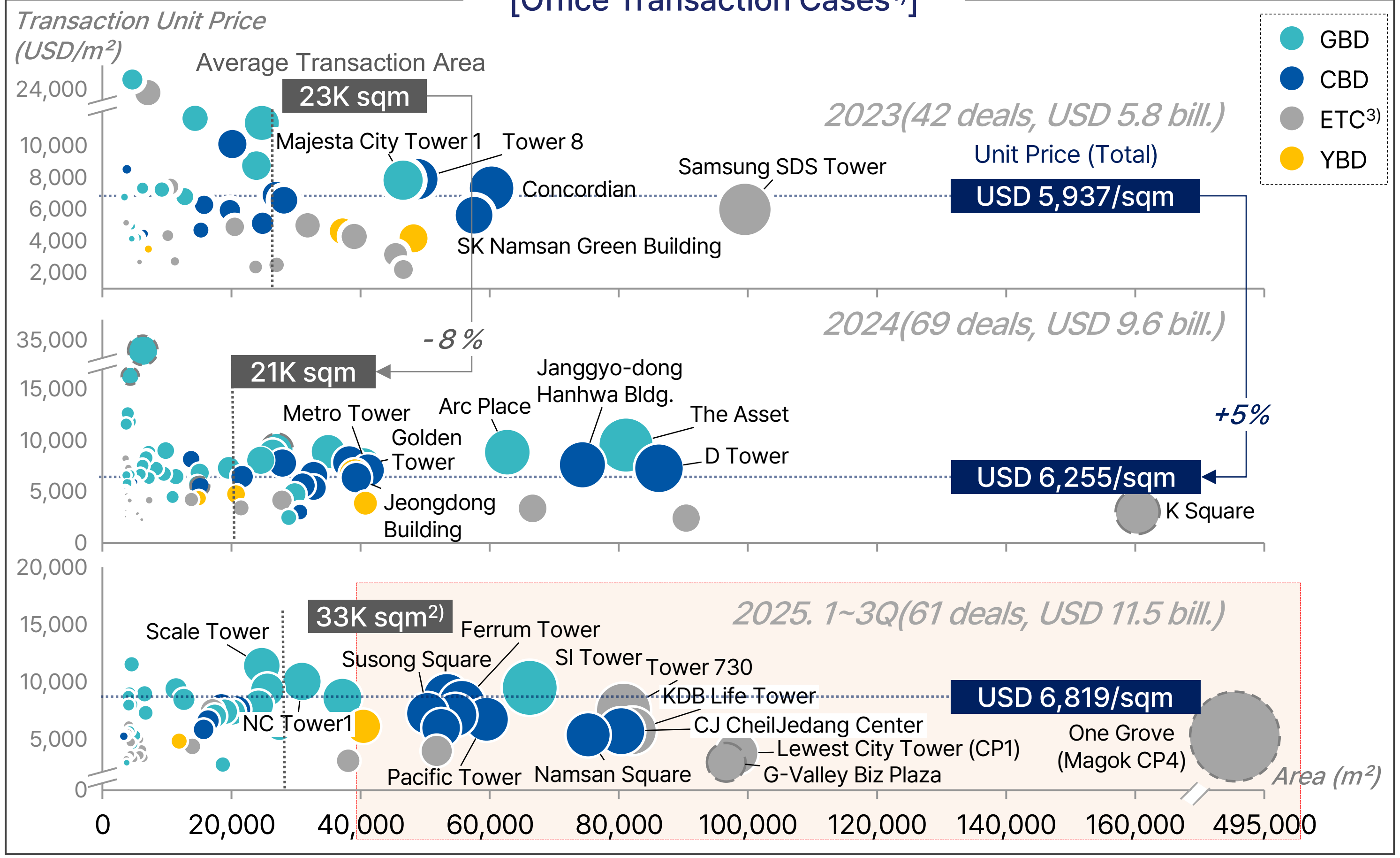
Source: Rsquare, Hana Bank, IGIS Strategic Research Division

2.1. Office Sector Trends

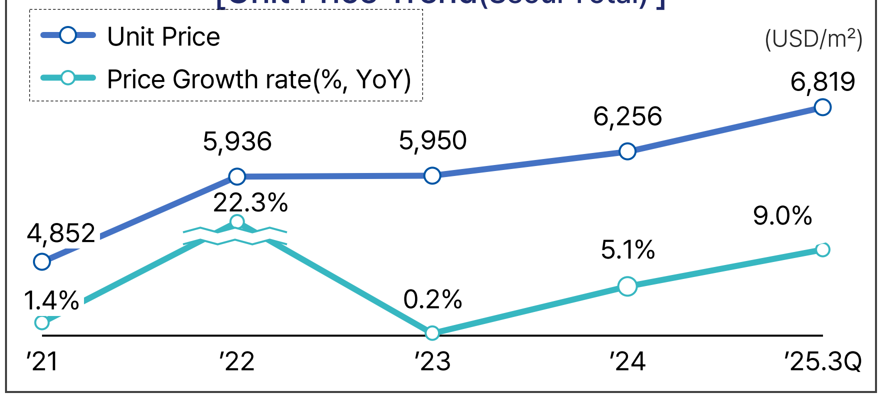
Office transaction volume increased mostly by large office in CBD/ETC (USD 7 bill., 61% of '25.1~3Q total), Seoul office unit prices rising (USD 6,819/sqm, mainly in GBD · ETC).

Office Transaction Details

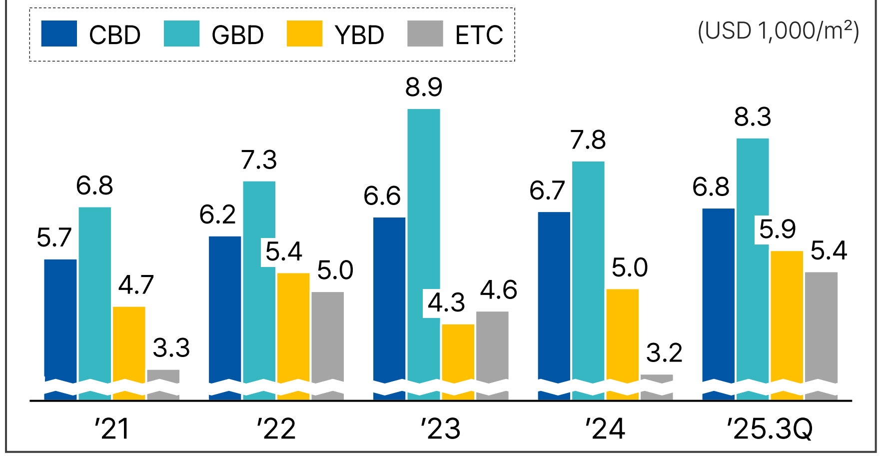
[Office Transaction Cases[1)]]



[Unit Price Trend(Seoul Total)]



[Unit Price by District[4)]]



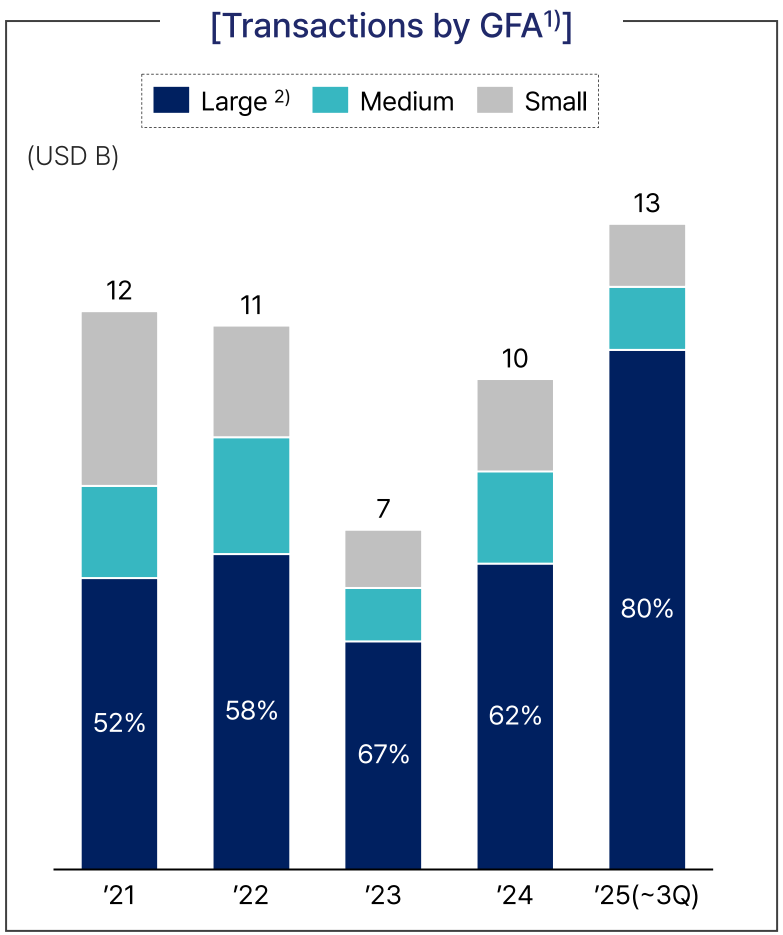
1) Dotted Border Indicates Auction/Forward Purchase/Partial Office Sale Price Unavailable 2) Avg. Transaction Area 25,600 m² Excl. One Grove 3) ETC: Magok, Seongsu, Jamsil, etc. Seoul Areas Outside Major 3 Districts (Excl. Bundang/Pangyo) 4) Based on '25.3Q Price/Pyeong: CBD_12 Cases (Excl. 1 Forward Purchase), GBD_25 Cases, YBD_2 Cases, ETC: 18 Cases (Excl. 3 Forward Purchases)

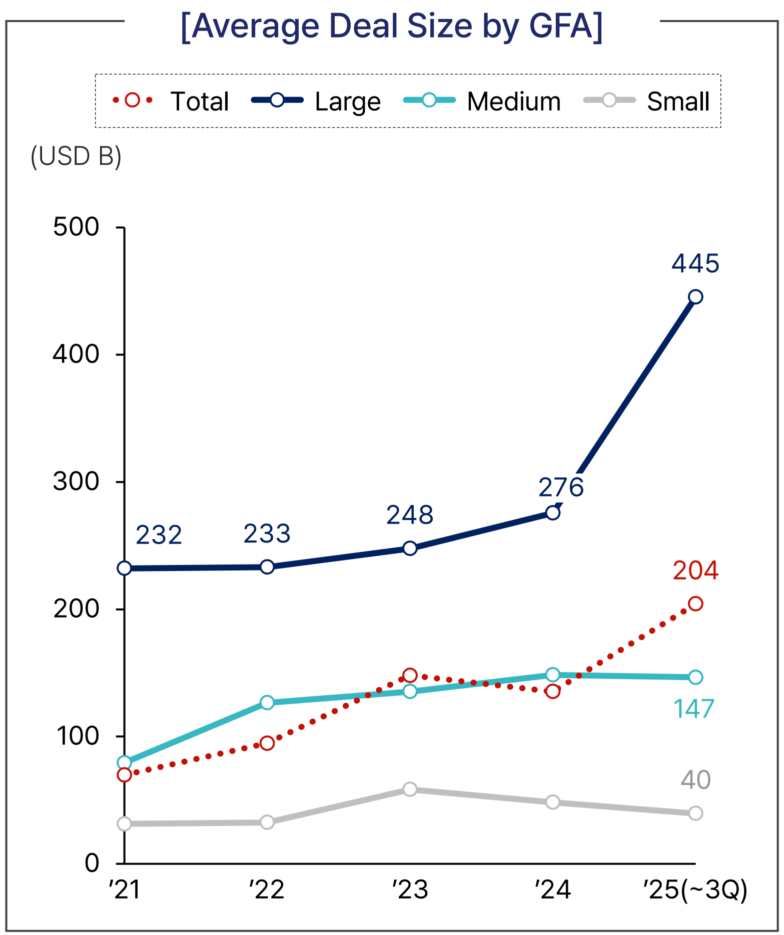
Source: Rsquare, IGIS Strategic Research Division

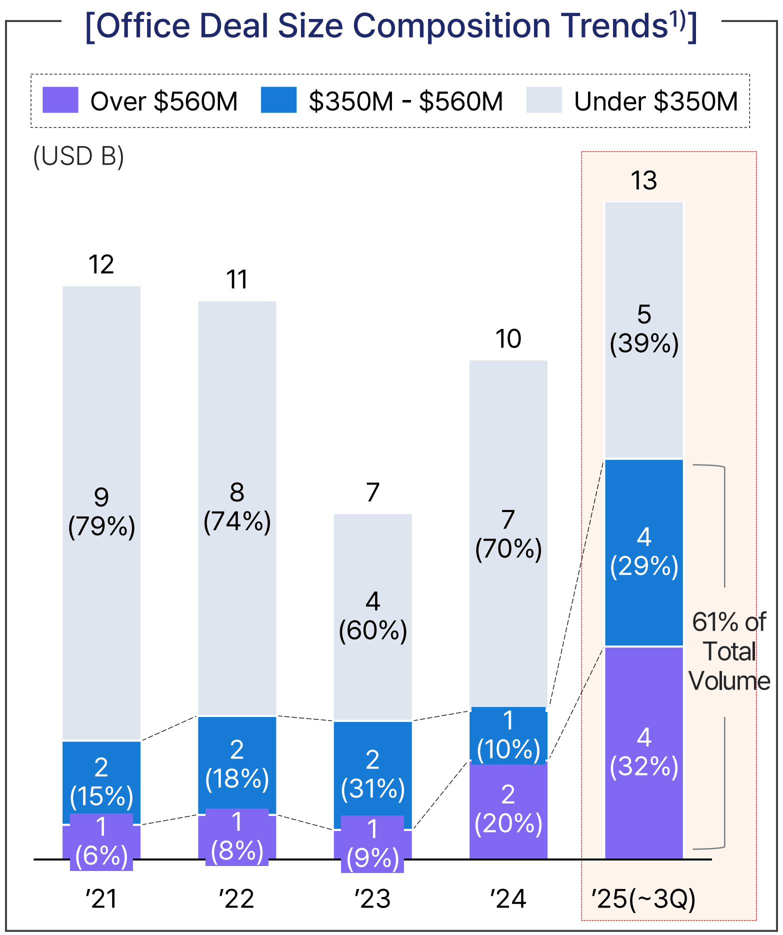
2.1. Office Sector Trends

Large office deals lead market(81%, Q1-Q3), Large office volume exceeds small-to-mid size, Mega deals above USD 560 million surge(+22%p from 2021-2024 average).

Transaction Details (by size)







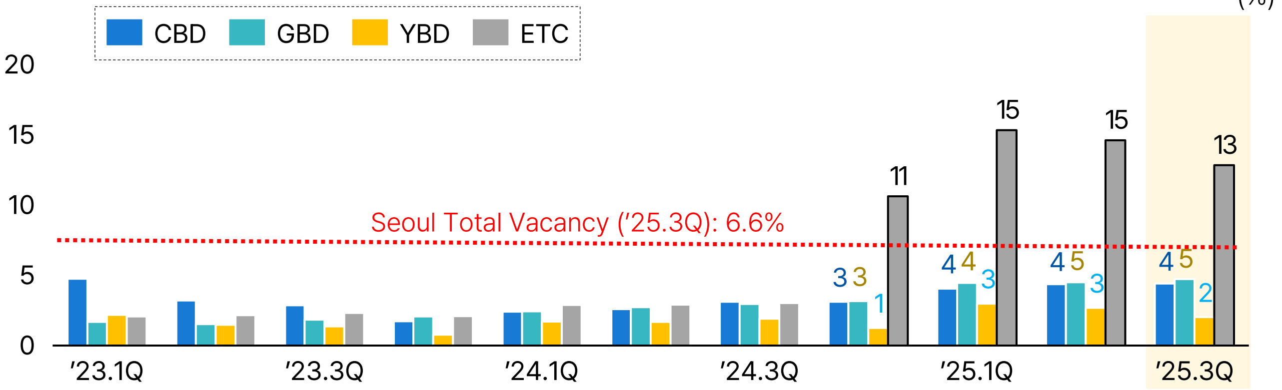
1) Based on all major office submarkets including CBD, GBD, YBD, ETC, and BBD *Large: GFA over 33,000 m², Medium: GFA 16,500-33,000 m², Small: GFA under 16,500 m²
FX rate based on Hana Bank official posted USD/KRW base rate (3-month average as of end-Nov 2025): 1,426.71 KRW/USD
Source: Rsquare, Hana Bank, IGIS Strategic Research Division

2.1. Office Sector Trends

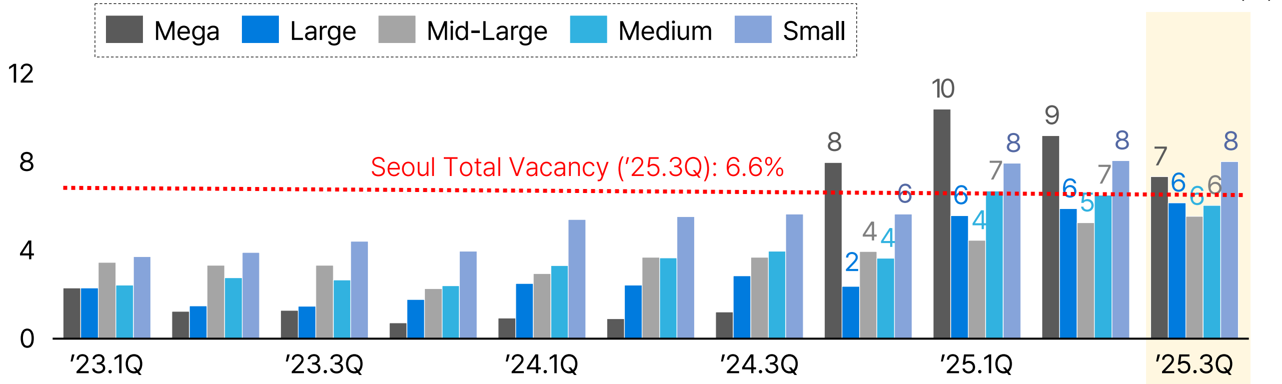
Seoul vacancy at 6.6% due to ETC supply. ETC mega-supply vacancies stabilizing(-5.9%p QoQ) and major districts maintain low vacancy. Rents continue rising(+3% YoY).

Leasing Market

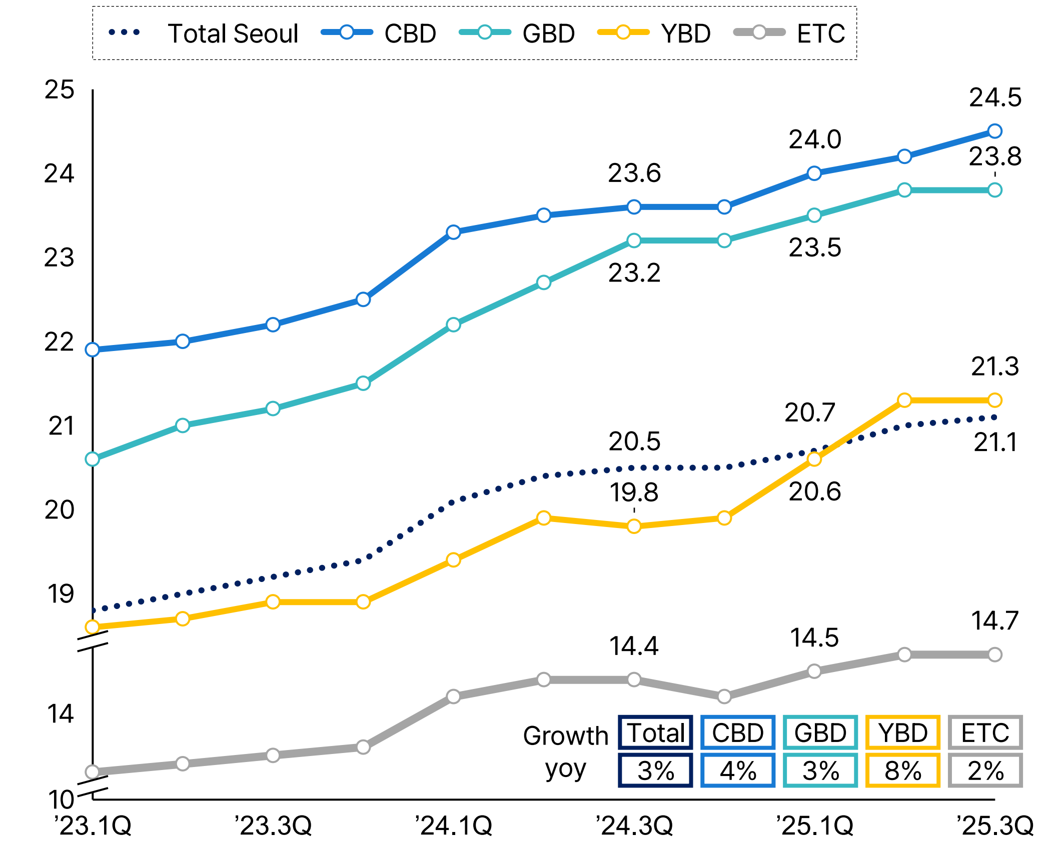
[Vacancy by District]



[Vacancy by Size1)]



[Nominal Rent by District]



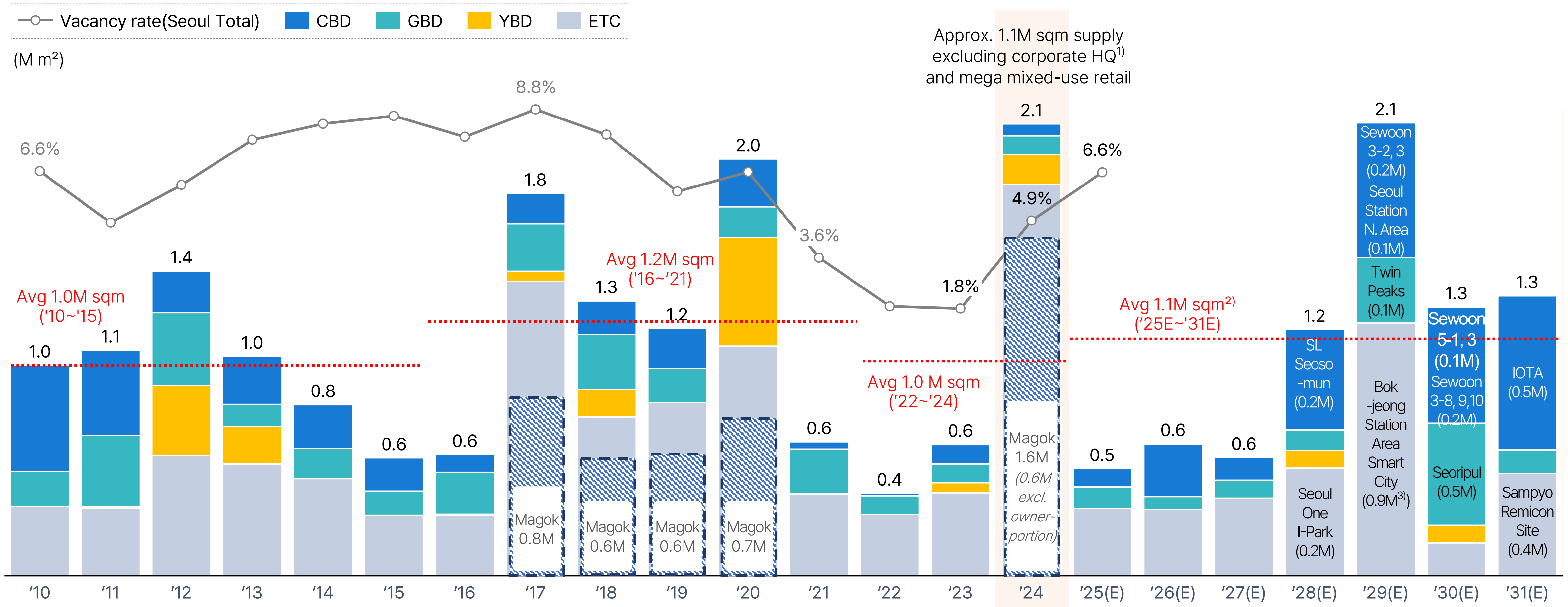
1) Mega: GFA over 66,000 m², Large: GFA 33,000-66,000 m², Mid-Large: GFA 16,500-33,000 m², Medium: GFA 9,900-16,500 m², Small: GFA under 9,900 m² '24.3Q-'25.1Q Magok mega office supply (office GFA basis): One Grove 314,050 m², K Square 142,149 m², Lewest City Tower 195,041 m² / Q1 '25 East Pole Tower 85,950 m² office supply (Gwangjin)

Source: Rsquare, IGIS Strategic Research Division

2.1. Office Sector Trends

New office supply by 2031 is 7.1M; Annual average is 1.1M sqm.

Historical Supply and Pipeline (2010-2031E)



1) LG Science Park, Magok E-Land Global R&D Center, Osstem Global Research Magok HQ use: 683,000 m² 2) Upcoming supply figures exclude certain owner-occupied developments such as: JB Financial Group HQ redevelopment in 2027 (CBD, GFA 36,364m²), Krafton HQ in 2028 (ETC, GFA 231,405m²), JYP HQ in 2028 (ETC, GFA 59,504m²), and Com2uS HQ in 2029 (CBD, GFA 171,901m²)
3) Total GFA including office, retail and hotel uses
Source: Rsquare, IGIS Strategic Research Division

2.1. Office Sector Trends

AI adoption lead entry-level hiring cuts, while high-skilled roles expand; Rigid labor laws drive redeployment and hiring freezes over layoffs.

Office Demand: Impact of AI

Hiring Trends

	Company	Objective	Job Position
−	NAVER kakao	Entry-level developer hiring freeze	Routine Tasks Front/Back-End, UI/Testing Dev, Data Entry/Cleaning, QA, Network Ops, Customer Support
−	SK telecom, kt	AI business pivot: voluntary exits, mass redeployment	
−	KB	Targeting AI call-center adoption above 60%	
+	SAMSUNG	Long-term talent development, Youth job creation	AI-Specialized Semiconductors, Biotech, AI engineers, AI architects, Data engineers
+	LG CNS	Target 1,000 AI specialists across 11 roles	
+	kt	Enabling six-figure salaries for entry-level developers	

To-be: Repetitive → High-Value Functions: Complex Problem-Solving, Strategic Decisions

Korea	VS.	US
Stability ↑, Flexibility ↓	Employment Contract	Stability ↓, Flexibility ↑
Indirect Reduction (restructuring/ hiring cuts)	Work Standard	Direct Layoffs as Needed

Korea: Low labor flexibility (Labor Standards Act) → Enhancing Efficiency/ Redeployment ⊗ Cuts Hiring for Substitutable Jobs

Shifts in business model/ work environment

- Indirect Labor Reduction
- High-skilled, Rolling Hiring ↑
- AI Collaboration, Hybrid Work ↑

Source: Press Release, IGIS Investment Strategy Division

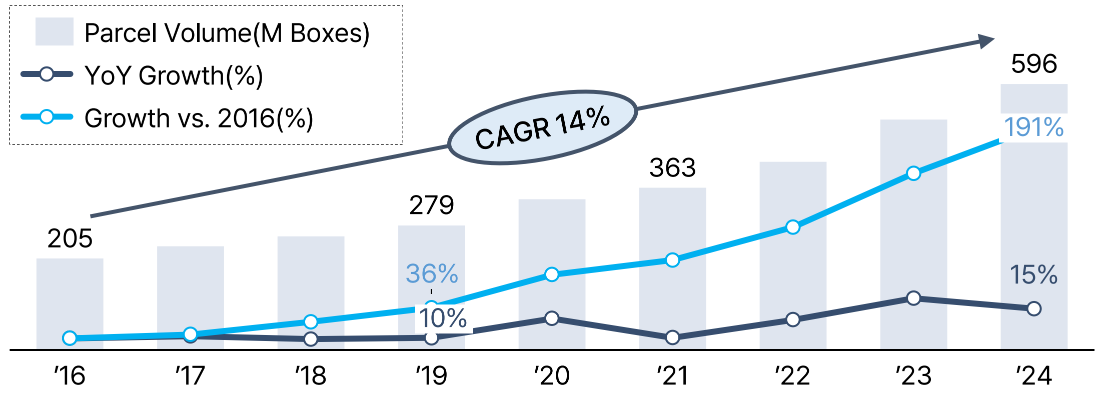
2.2. Logistics Sector

2.2. Logistics Sector Trends

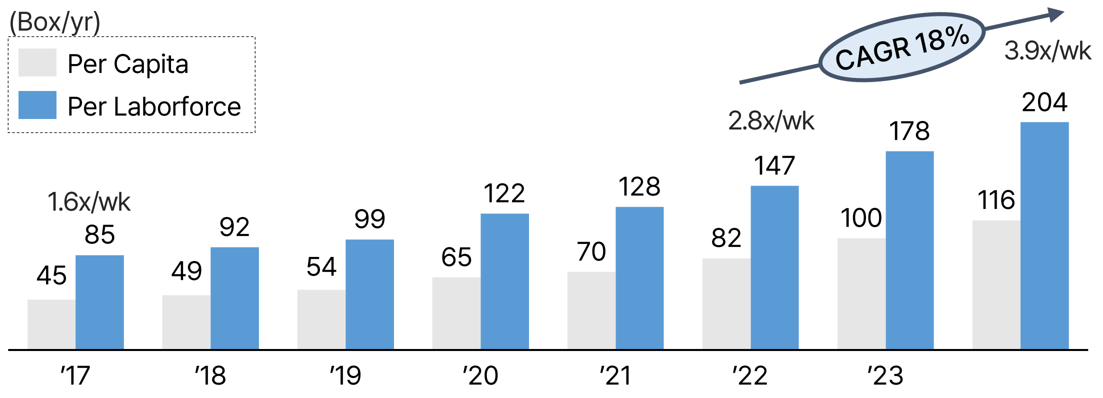
Parcel volume grows 14% annually (2016-2024).
Delivery frequency and volume rise by small batch orders · free returns · A/S · holiday delivery.

Logistics Fundamentals

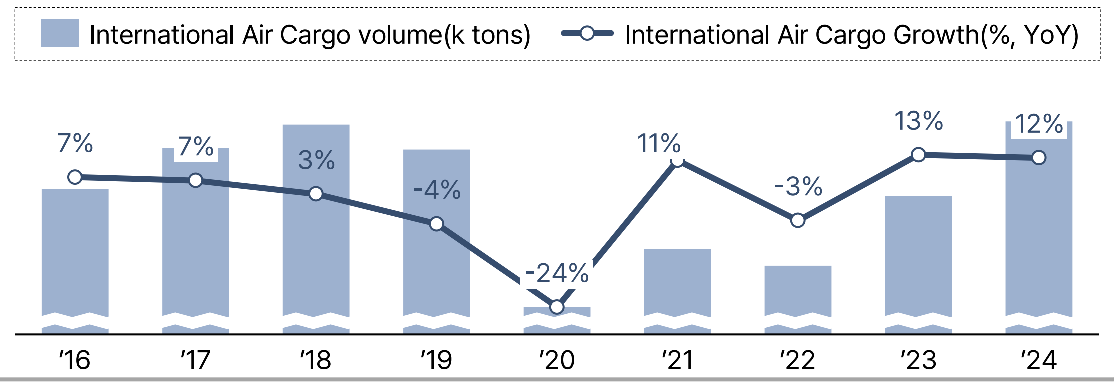
[Domestic Parcel Volume Trend[1)]]



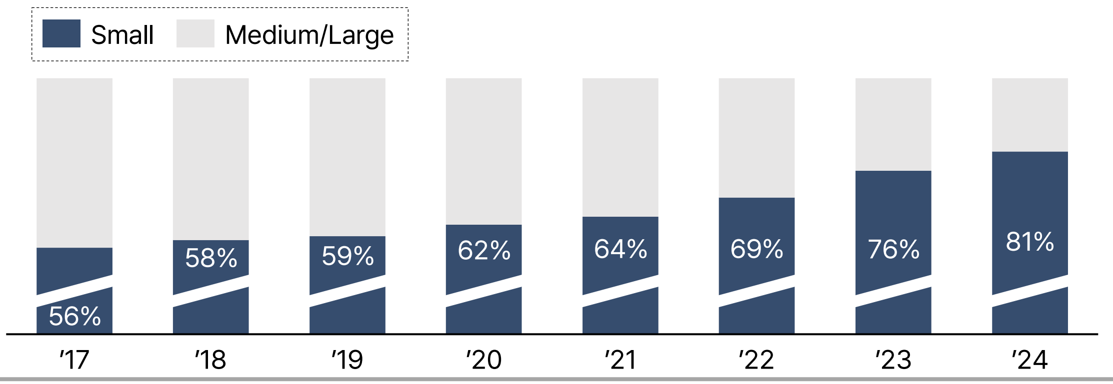
[Parcel Delivery Usage Frequency]



[Air Cargo Volume Trend(International)]



[Small Parcel Share Trend (CJ Logistics)]



1) Excludes Coupang's in-house delivery service (Rocket Delivery). Includes 3PL parcel volume handled by CLS (Coupang Logistics Service)

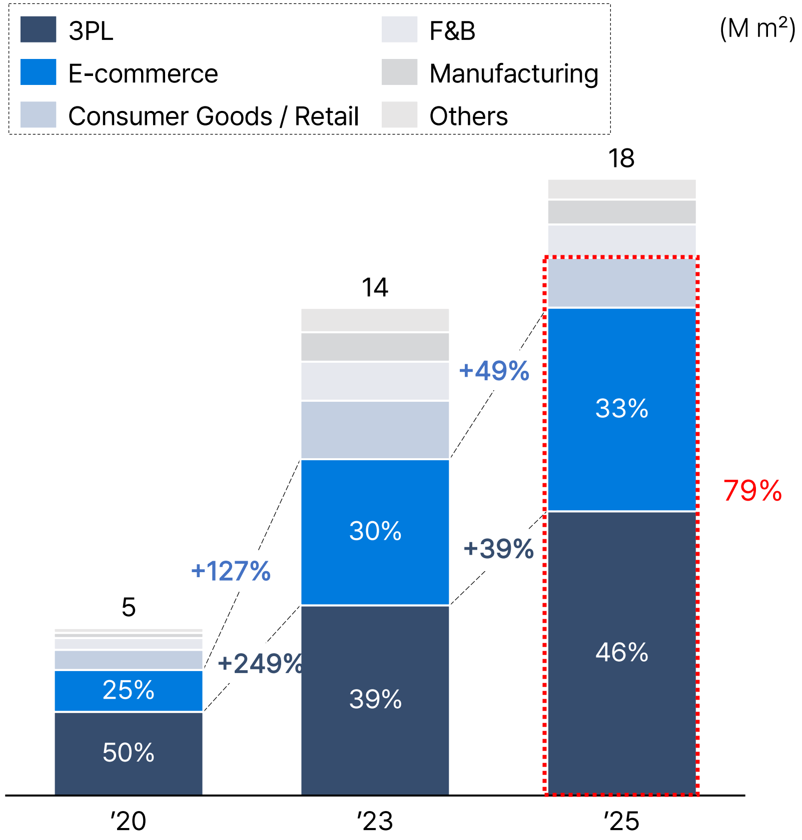
Source : Korea Integrated Logistics Information Center, Korea National Transport DB, CJ Logistics, IGIS Strategic Research Division

2.2. Logistics Sector Trends

Primary tenant types are 3PL · E-Commerce · Consumer Goods · Specialized Logistics.

Major Tenants

[Tenant Type & Leasing Trend[1)]]



[Preferences by Tenants]

Tenants	Major Corporations	Key Traits	Key Location
3PL (46%)	CJ Logistics. Hanjin, LOTTE Global Logis, LX Pantos, POOMGO	• Growing E/C outsourced logistics, Stable volume by customer diversification • Cross-border, Same-day delivery expansion	Southeast (Icheon, Yeo-ju)
E-Commerce (33%)	Coupang, Kurly, Naver, SSG, Plus-store, MUSINSA	• Major E/C players expands in-house fulfillment → increasing leased spaces • Mid-tier E/C consolidation and closures	West (Incheon)
Consumer Goods	E-Mart, Daiso, Hyundai shopping, Home-plus	• Bulk shipments, Stable inventory operations • On-offline integrated logistics, cost efficiency-focused	Central, South
F&B	CJ Freshway, Samsung Wellstory, Hyundai Greenfood, Our Home	• Long-term leases in suburban multi-hubs • B2B expansion (military catering), Growing cold/frozen logistics demand	Central, Southeast

1) Leased area based on Grade-A logistics centers in the Seoul Metropolitan Area (assets over 33,000 m², evaluated by quantitative and qualitative factors such as location, accessibility, tenant profile, and rental level.)
Source: CBRE, Cushman & Wakefield, IGIS Strategic Research Division

2.2. Logistics Sector Trends

3PL prioritizes Volume stability and Economies of scale; Integrated · Fulfillment: 4PL, Automation(Long-term lease), Forwarders: Route-optimization(Short-term)

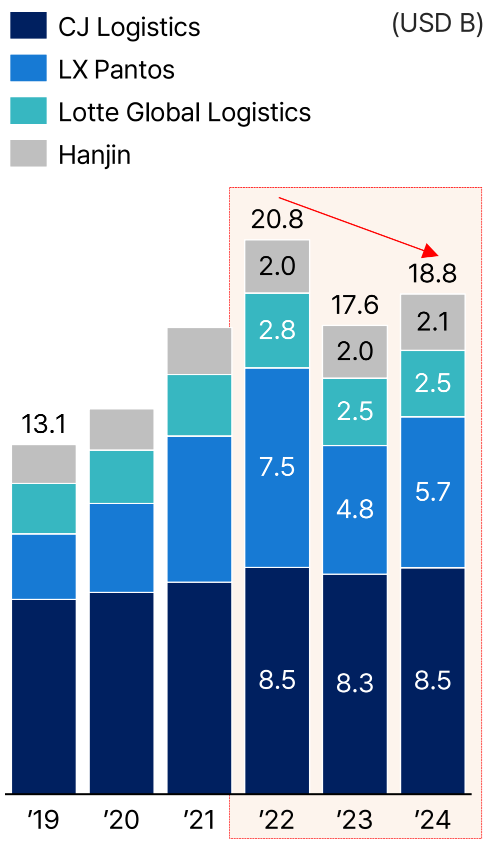
3PL

[3PL Subcategories and Preferences]

Facility Investment, In-house Operation (High → Low)

Integrated logistics	롯데글로벌로지스, CJ 대한통운, LX판토스, 한진택배, DHL, HYUNDAI GLOVIS	In-House Logistics Assets (Distribution Centers/Fleet/Ports)
Fulfillment	FASSTO, VROONG, DONGDAEMOON 마이창고	Automation · Speed · Urban Access (MFC)
Freight forwarding	태웅로직스, LX판토스, KUEHNE+NAGEL	Terminal· Hub Proximity Key (IC, Ports, Airports)
Warehousing	LOGISALL TOTAL LOGISTICS ALLIANCE, D&B Partners, 용마로지스	Low-Cost (Small-to-Mid size), Metropolitan (Storage efficiency)

[Revenue by Major 3PLs]



Fulfillment Transition/ Delivery Enhancement

New fulfillment Brand, Enhanced B2B2C

- CJ Logistics launched "THE FULFILL"(Apr '25)

AI/ Digital Transformation

Expanded AI Automation Capex

- CJ Logistics: TES1) based digital twin, Agentic AI, humanoid robotics deployment

Cross-Border Expansion

International Parcel Volume↑
Airport · Port Logistics Demand↑

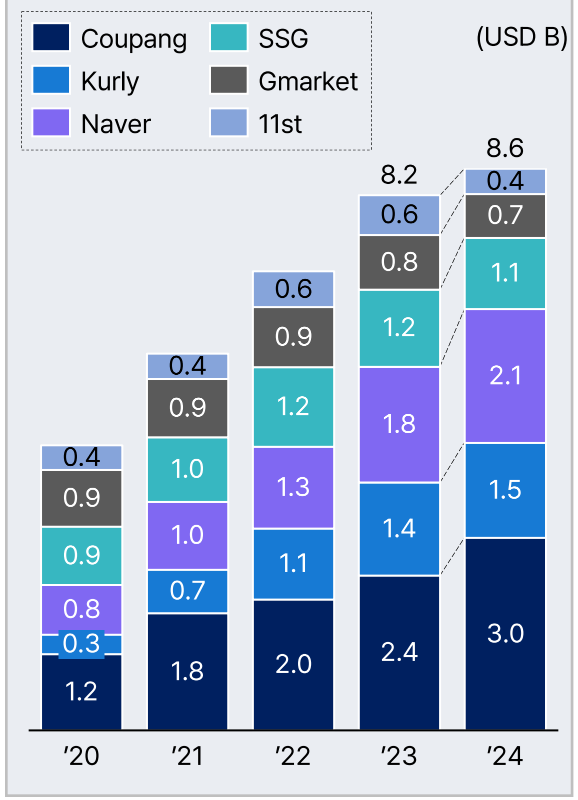
1) TES(Technology, Engineering, Systems&Solutions) – logistics solutions powered by robotics, AI, and data to support the transition into a technology-driven industry, FX rate based on Hana Bank official posted USD/KRW base rate (3-month average as of end-Nov 2025): 1,426.71 KRW/USD.
Source: Each company's website, DART Electronic Disclosure System, IGIS Strategic Research Division

2.2. Logistics Sector Trends

E-commerce expands in-house fulfillment with automation, Platforms · Specialty retailers enhance efficiency through shared logistics with 3PLs.

E-Commerce

Financial Performance (E/C Revenue)



Fulfillment Leading Player[1]

coupang 로켓배송 | Kurly

Stronger market dominance by 'Coupang'

Storage focused Warehousing → End-to-End Fulfillment Center

Open-Market Platform

Seller → Platform (N+ 스토어, Gmarket, 11st) → 3PL Oursourcing[2] (CJ 대한통운, 한진택배, poomgo.) + In-house Fulfillment[3] (G 스타배송, 11st 우주패스 탁송)

Contracts with multi 3PL Players

Specialty Retailers(Online)

3PL (Before) + In-house Fulfillment Expansion (MUSINSA 무배당발, ABLY 샥출발, 오늘의집 원하는날 도착)

Enhance fast-delivery services

"Direct Operations" drive service upgrade

Stronger demand to partner with fulfillment services providers[3]

Early-stage involvement for profitability

- BtS-led · Continued Automation Capex
- Asset Monetization via S&LB/ REITs

Structural shifts on demand	Speed and accuracy demands drive 3PL/shared logistics adoption
Automation · Enlargement	Parcel diversification and customization boost preference for advanced fulfillment

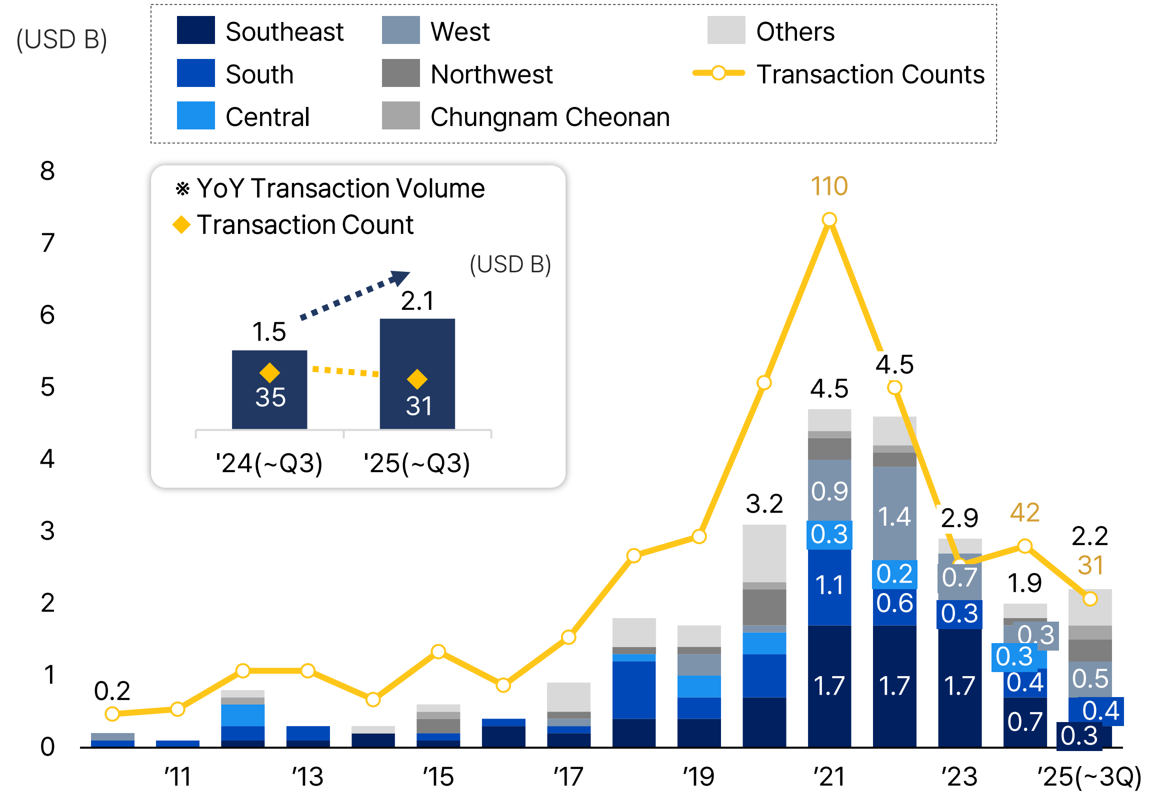
1) SSG.com was an early adopter of integrated fulfillment, but low volume led to the sale and outsourced operation of automated center 'NEO003' to CJ Logistics('25.08) 2) Naver Smart Store: NFA model; 3PL selection by product type (CJ Logistics / Poomgo / Kurly) / Gmarket: 'Poomgo' collaboration; partial use of 'Dongtan Mega Center' / 11st : Uses Hanjin Express logistics network 3) Rising demand for fast delivery, y, major platforms have launched fulfillment service brands offering 'delivery-guaranteed' and 'express delivery' options, shifting from platform-only services to full end-to-end fulfillment (inbound–picking–packing–dispatch) Source: Each company's website, IGIS Strategic Research Division

2.2. Logistics Sector Trends

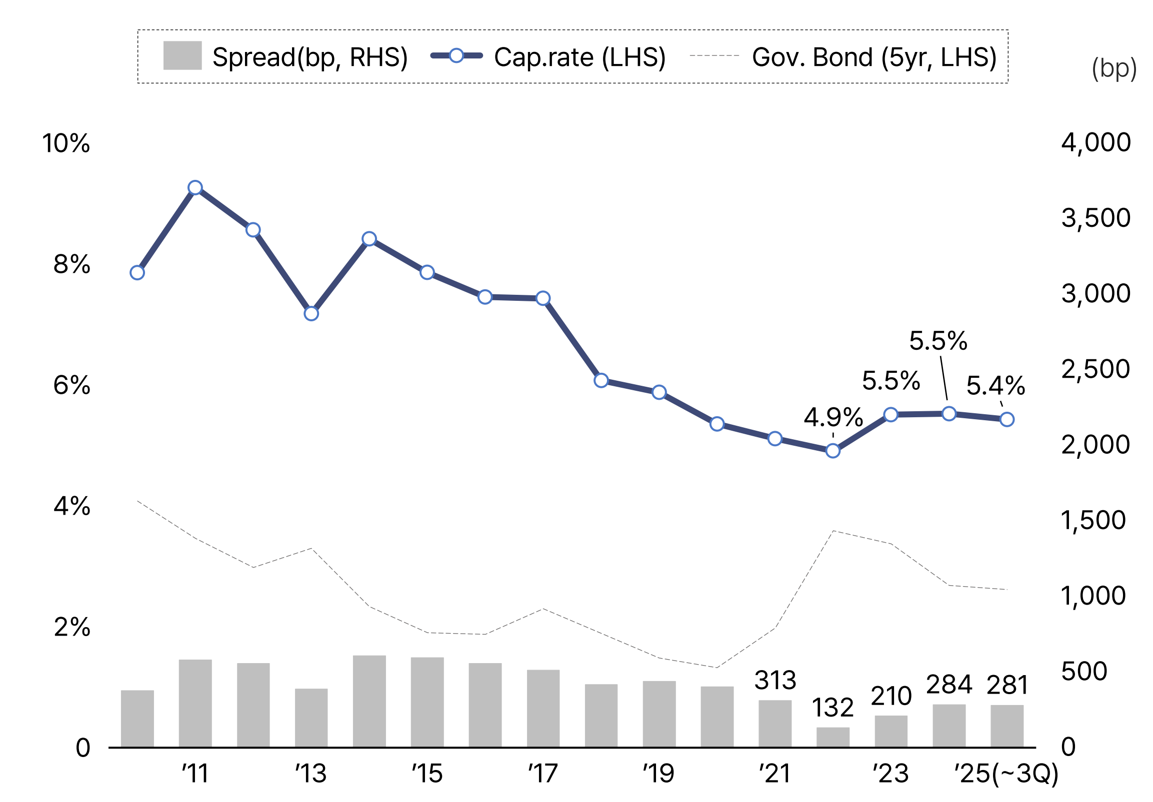
Logistics transaction volume at USD 2.1 billion(+42% YoY), Cap. Rate 5.4%(Stable YoY).

Transaction Trends

Transaction Volume[1]



Nominal Cap.rate[2] and Gov. Bond Spread

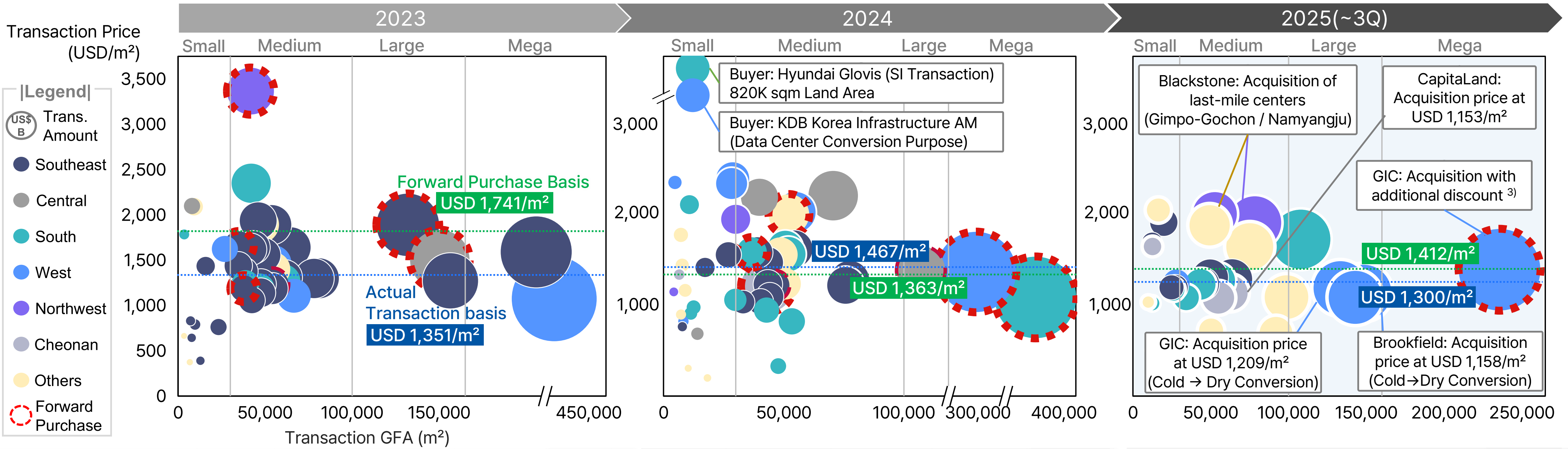


※ Southeast: Gwangju/Icheon/Yeoju/Yongin (Cheoin-gu), South: Anseong/Pyeongtaek/Hwaseong, Central: Gunpo/Uiwang/Anyang/Gwacheon/Suwon/Osan/Seongnam/Dongtan/Yongin (Suji-gu, Giheung-gu), West: Ansan/Siheung/ Gwangmyeong/Incheon (Jung-gu, Dong-gu, Seo-gu, Namdong-gu), Northwest: Goyang/Paju/Gimpo/Bucheon/Bupyeong/Ganghwa/Incheon (Gyeyang-gu, Bupyeong-gu), Cheonan: Cheonan, Others: Seoul, Gyeonggi (Other Areas), Incheon (Other Areas), Other Regions 1) Nationwide Basis, Forward Purchase Cases Excluded from Transaction Statistics
2) Nationwide Basis, Excl. Forward Purchases Source: Rsquare, IGIS Strategic Research Division

2.2. Logistics Sector Trends

Foreign investors target last-mile, large-scale new builds, competitively priced, and viable dry-to-cold conversion asset(approx. USD 1.2 billion from overseas entities).

Logistics Deals[1)]

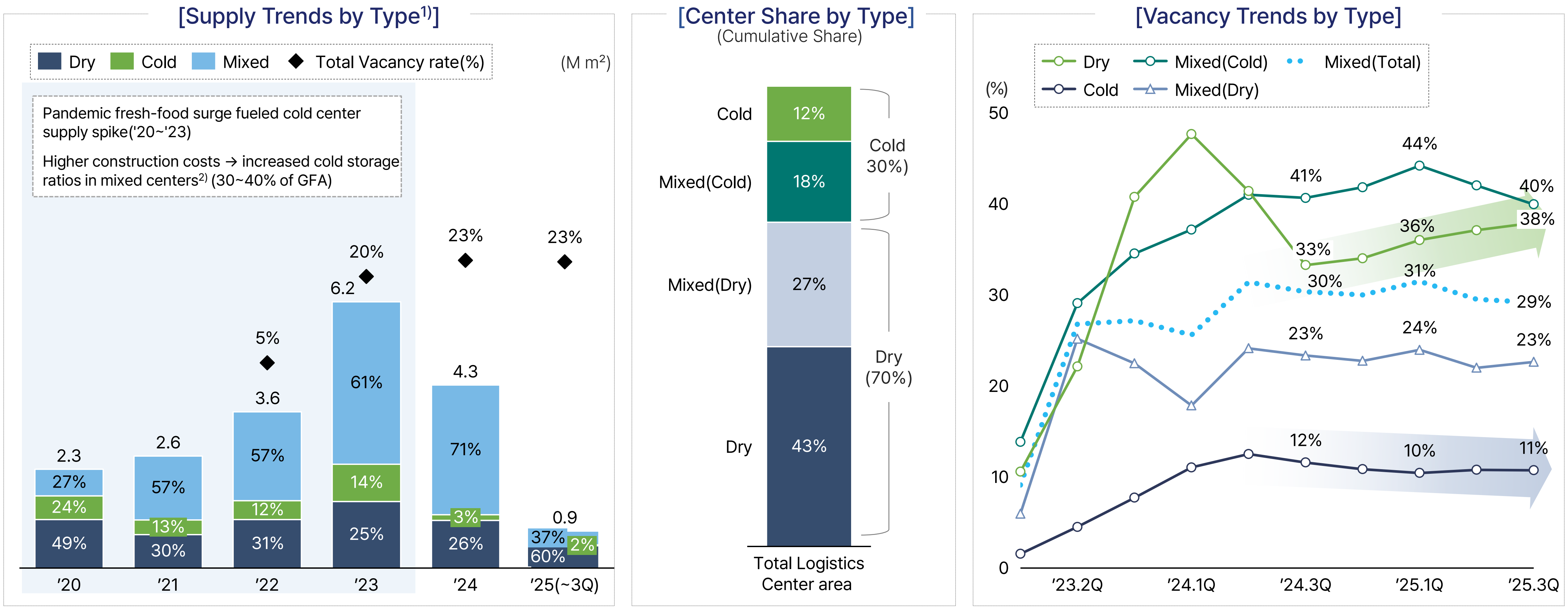


Scale[2)]	2023 Small	2023 Medium	2023 Large	2023 Mega	2023 Total	2024 Small	2024 Medium	2024 Large	2024 Mega	2024 Total	2025 Small	2025 Medium	2025 Large	2025 Mega	2025 Total
# of Transactions/ Forward Purchase	12/0	23/4	1/3	2/0	38/7	23/0	19/5	0/2	0/2	42/9	12/0	15/0	4/0	0/1	31/1
Total Transaction (sqm)	11,220	50,450	141,074	318,020	62,281	14.139	52,532	124,907	343,765	49,471	17,997	60,221	133,068	235,626	58,975
Total Unit Price (USD/sqm)	1,153	1,491	1,582	1,240	1,433	1,683	1,501	1,287	1,211	1,416	1,302	1,315	1,276	1,412	1,315

※ Southeast: Gwangju/Icheon/Yeoju/Yongin (Cheoin-gu), South: Anseong/Pyeongtaek/Hwaseong, Central: Gunpo/Uiwang/Anyang/Gwacheon/Suwon/Osan/Seongnam/Dongtan/Yongin (Suji-gu, Giheung-gu), West: Ansan/Siheung/Gwangmyeong/Incheon (Jung-gu, Dong-gu, Seo-gu, Namdong-gu), Northwest: Goyang/Paju/Gimpo/Bucheon/Bupyeong/Ganghwa/Incheon (Gyeyang-gu, Bupyeong-gu), Cheonan: Cheonan, Others: Seoul, Gyeonggi (Other Areas), Incheon (Other Areas), Other Regions 1) GFA over 6,600 m² target 2) Based on GFA, Small: Under 33,000 m², Medium: 33,000-99,000 m², Large: 99,000-165,000 m², Mega: Over 165,000 m² 3) Unit price: USD 1,412/m² (6.9% discount; equivalent to USD 106/m² reduction) Source: Rsquare, IGIS Strategic Research Division

Logistics new supply rapidly surged, began declining after '23. Average vacancy rate at 23%, cold storage vacancy rising while dry stabilizing(Cold-to-Dry conversion eases mixed center vacancy).

Supply / Vacancy (by Type)



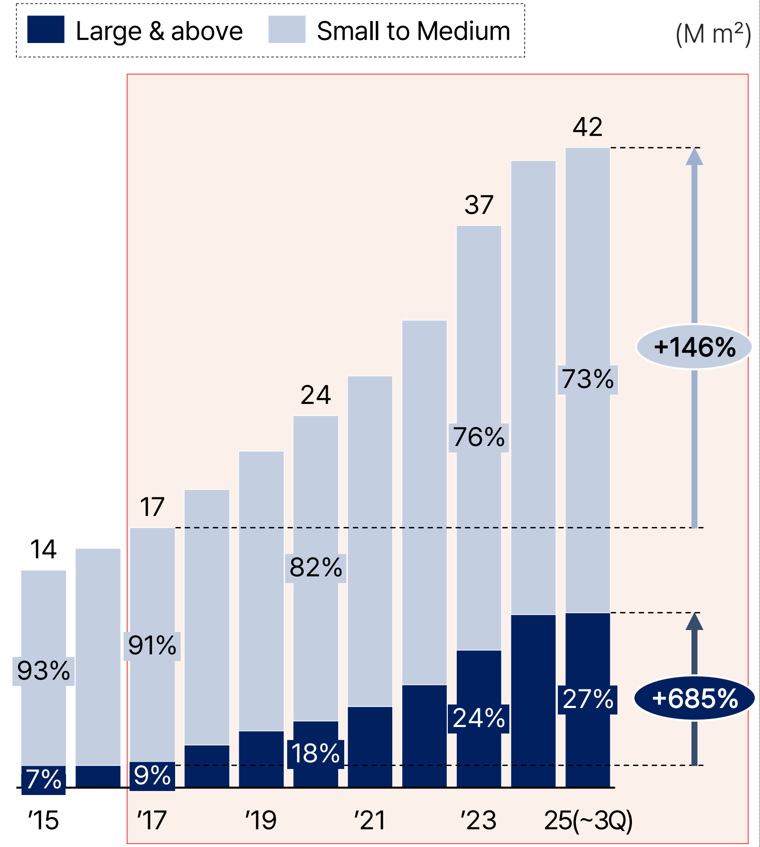
1) Greater Seoul (Seoul/Gyeonggi/Incheon) and Cheonan, Chungnam 2) As of '25.2Q, Cold Storage Approx. 39% of Total Multi-temp Logistics Center Storage Area

Source: IGIS Strategic Research Division

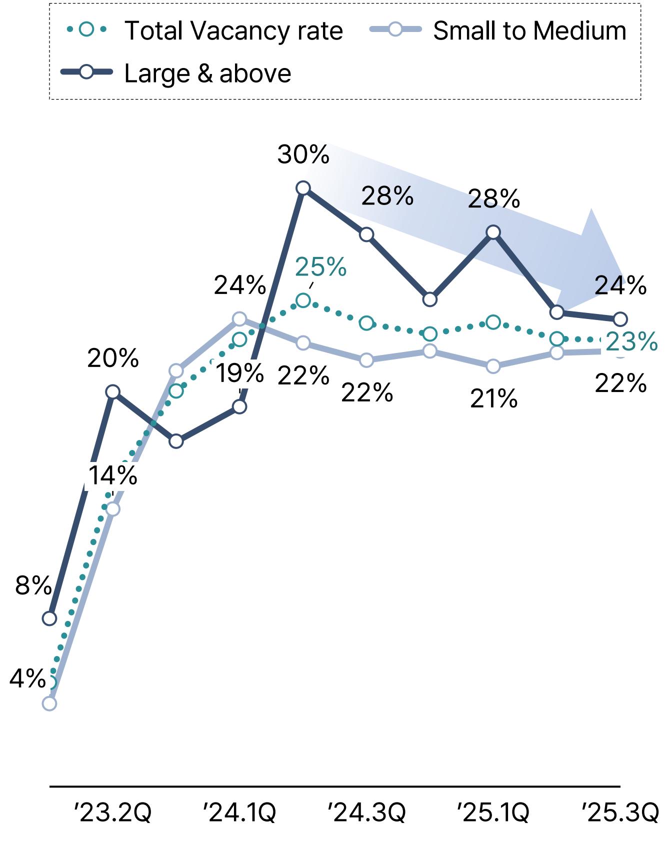
Large logistics centers at 30% of total(cumulative supply), showing gradual vacancy stabilization.

Supply / Vacancy (by size)

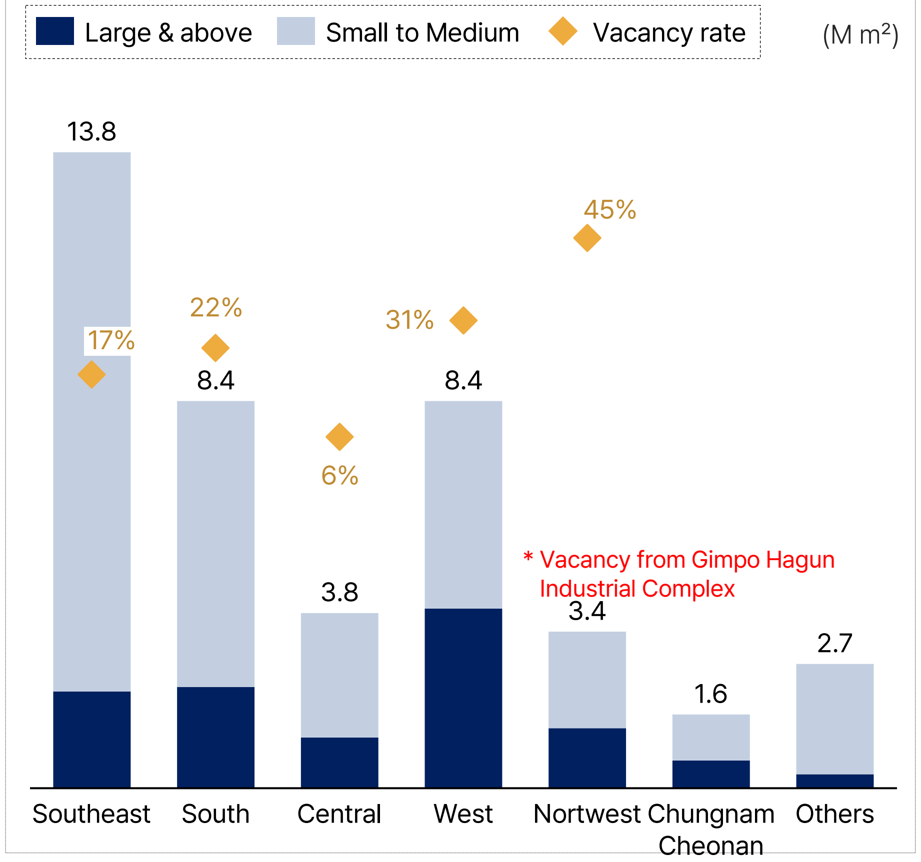
[Cumulative Supply by Size]



[Vacancy by Size1)]



[Supply & Vacancy by District / Size1)]

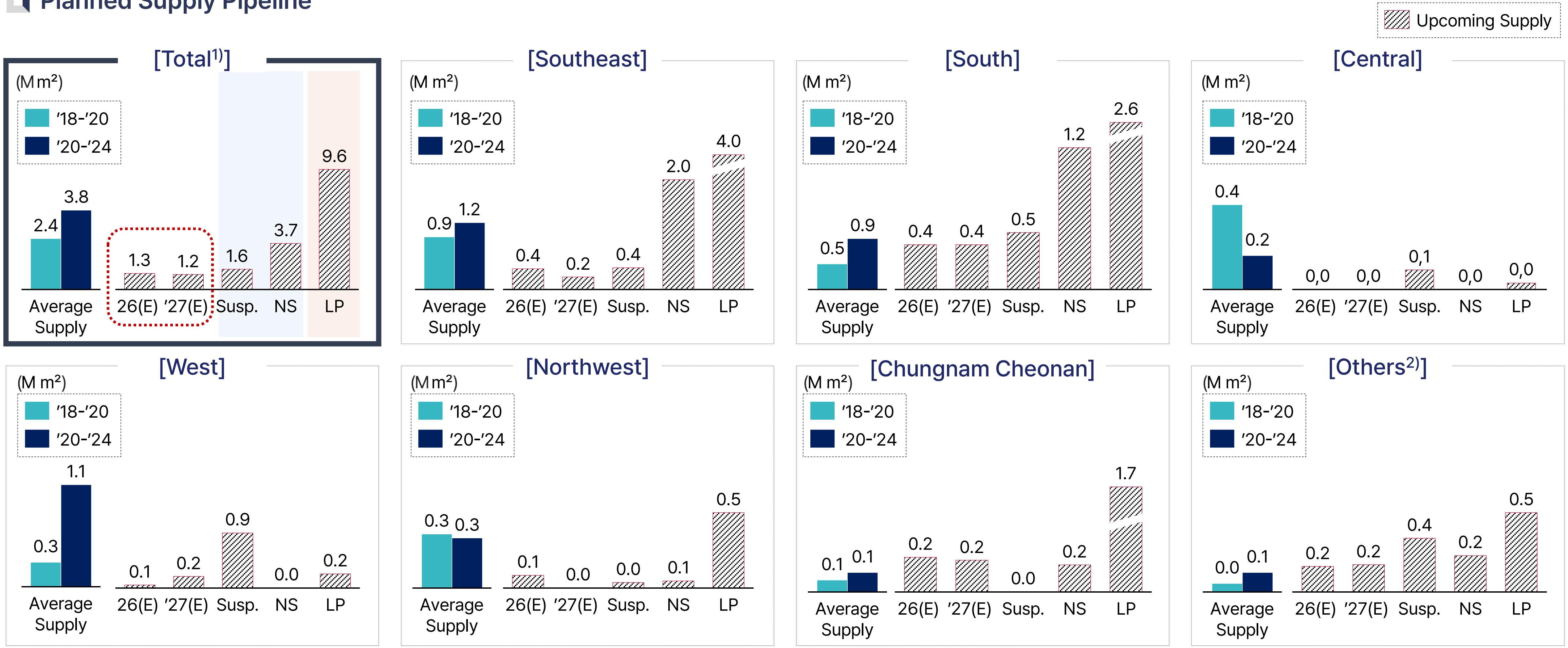


※ Large-scale logistics centers: Assets with a GFA of 99,000 m² or more
1) Vacancy rate: As of 3Q 2025, Small/Medium (< 99,000 m² GFA) vs. Large (≥ 99,000 m² GFA)
Source: IGIS Strategic Research Division

2.2. Logistics Sector Trends

Key districts supply pipeline drops sharply; High volume of Suspended/Not-started/Long-Pending projects unlikely resolved near-term.

Planned Supply Pipeline



※ Susp. = Suspended (construction halted), NS = Not Started, LP = Long Pending (long-term delayed / not started)
1) Average supply calculated based on the recent 5-year average (2020–2024) and the pre-oversupply period (2018–2020). Long-pending projects refer to those not started for more than 2 years after permit approval
2) Areas excluding sub-regions within Seoul/Gyeonggi/Incheon/Southeast/South/Central, West/Northwest District
Source: IGIS Strategic Research Division

2.2. Logistics Sector Trends

Investment priorities include strengthening hub positioning · expanding automation · optimizing assets for urban logistics and power.

Potential of Korea Logistics Fundamentals

Competitiveness as Logistics Hub

- Korea port/air logistics competitiveness high
  - Busan Port World #2, Incheon Airport World #6
- Key hub for Northeast Asia
- Competition for simple trans-shipment intensifies, potential for high quality logistics hub.

Potential as Northeast Asia advanced manufacturing logistics hub, targeting multi-source supply chain needs.

Automation Adoption

- Previous: Relatively low labor costs, low human error
- Current: labor cost increases, tightening labor Regulations expand operational risks
- Direction: Automation will expand if OpEx savings > CapEx increase

Top-tier tenants lead automation investment; industry follows after proven use cases.

Last-mile Demand Viability

- Concerns over last-mile center necessity and urban logistics demand growth/ sustainability
- Fast delivery competition intensifying
- Greater Seoul population density and traffic congestion drive decentralized hub demand

Urban logistics demand persists, but Greater Seoul permit constraints heighten supply barriers.

Power Infrastructure Readiness

- Power procurement is key bottleneck for automation and edge data center module integration
- Large-scale advanced logistics center power requirement 5-15MW
- Logistics power requirement lower than Hyperscale DC but timeliness is highly important

Rising power procurement requirements drive growing importance of On-[1]/Off-site PPA, VPPA[2].

1) On-site PPA (Power Purchase Agreement): Mostly Self-consumption Solar Power Plants Linked to In-house Generation, However, Solar Utilization at Logistics Centers Can Only Secure 1-3MW
2) VPPA (Virtual Power Purchase Agreement): Virtual Power Purchase Contracts with Existing Cases Like Jeju Wind Farms, Off-site PPA, VPPA Can Secure Up to 15MW Level Power
Source: Press Release, IGIS Strategic Research Division

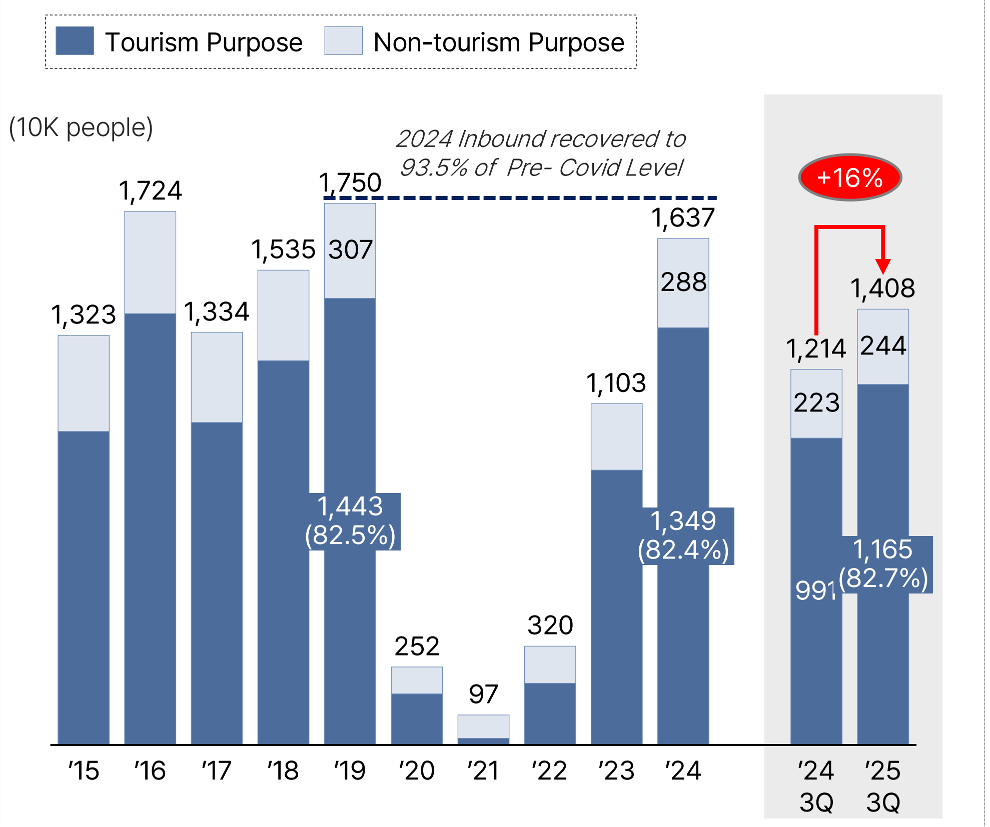
2.3. Hotel Sector

2.3. Hotel Sector Trends

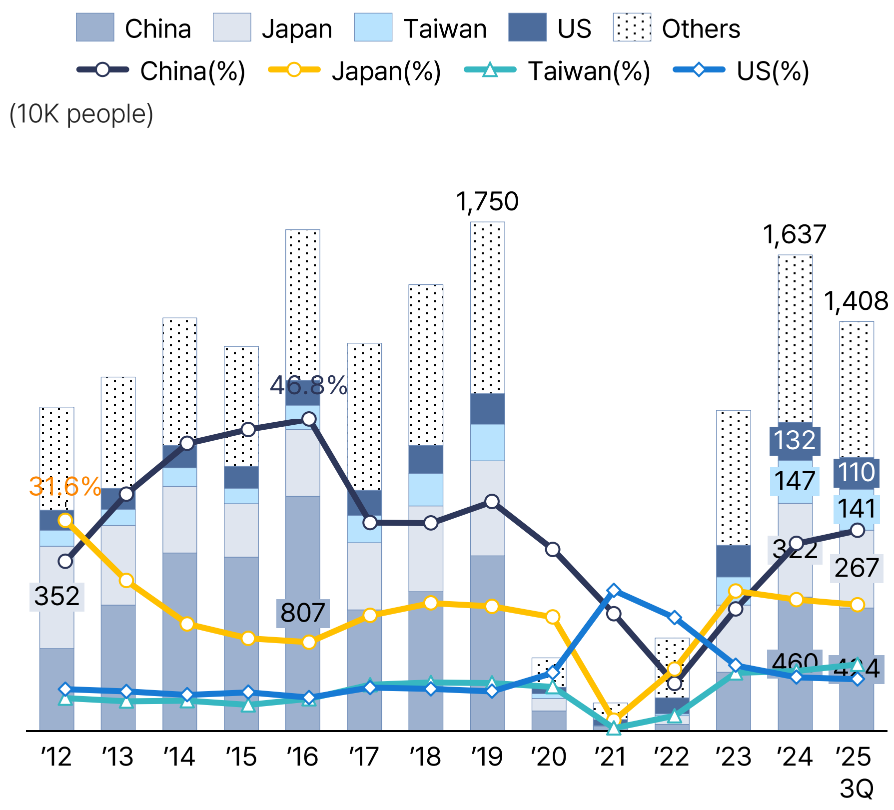
Domestic inbound tourists reached 14 million('25.3Q, +16% YoY). Annual volume expected to accelerate from Q4 with Chinese visa-free pilot[1)]

Inbound Demand

[Foreign Visitor Inbound[2)] Trends]



[Inbound Foreign Visitor Composition by Nationality]



❖ Visitors by Country & Share

Country	'24	Q3 2025
China	4.6M (28%)	4.2M (30%)
Japan	3.2M (20%)	2.7M (19%)
Taiwan	1.5M (9%)	1.4M (10%)
US	1.3M (8%)	1.1M (8%)

❖ Recovery Rate vs. Past Peak

Country	Past Peak	vs. 2024(%)
Total	17.5M (2019)	93.5%
China	8.1 (2016)	57.1%
Japan	3.5M (2012)	91.6%

1) Chinese Group Tourist Visa-free Entry Allowed from Sep 29, Up to 15 Days Domestic Travel, Pilot Operation Until Jun 30, '26

2) Inbound: Foreign Visitors to Korea

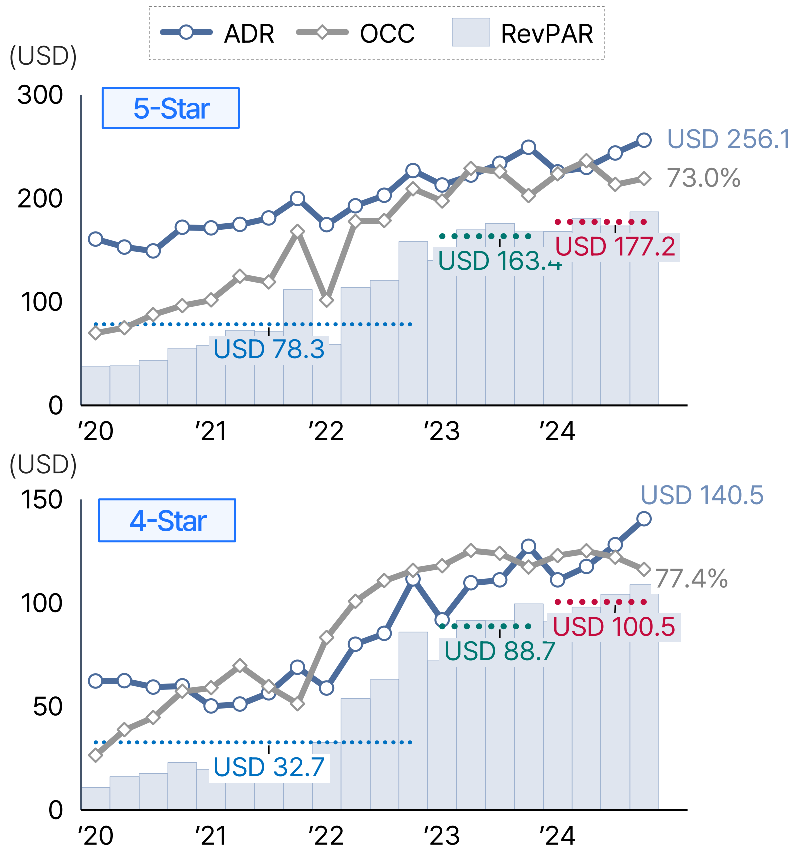
Source: Korea Tourism Organization, IGIS Strategic Research Division

2.3. Hotel Sector Trends

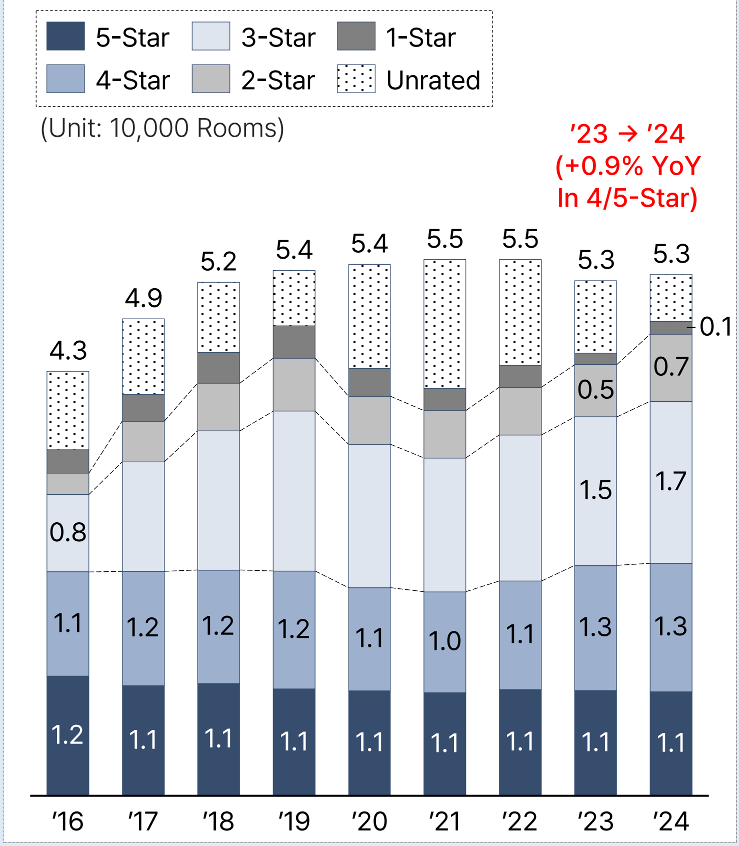
Seoul 4/5-star hotels maintain RevPAR uptrend with solid OCC/ADR.
Limited new supply amid strong Seoul inbound push rooms-per-visitor to pre-pandemic lows.

Hotel Operating Performance

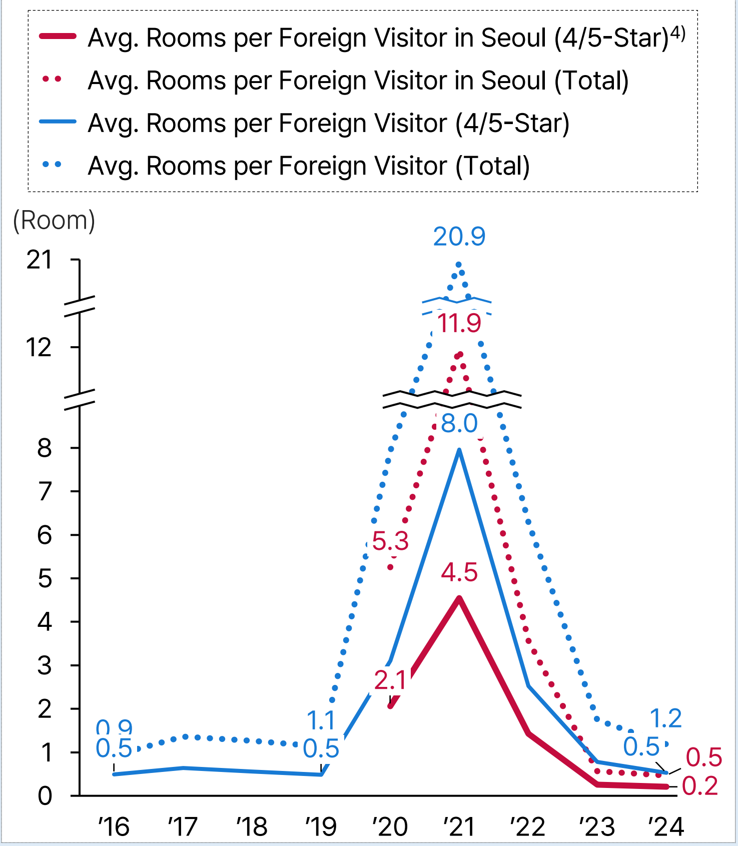
[Seoul Hotel Operating Performance]



[Room Inventory by Tier(Seoul)]



[Rooms per Foreign Visitors3)(Seoul)]



1) Hotel Rooms per Foreign Visitor = Total Rooms / Daily Seoul Foreign Visitors
2) Visitor Count Based on Daily Unique Visitors (e.g., If A Visits Seoul Jan 1~2, Counted as 2 Visits: 1 on Jan 1, 1 on Jan 2),
3) Foreign Tourist Count Annual Aggregate, Regional Breakdown Data Available from '20
4) Rooms Based on Seoul Tourist Hotel Room Count

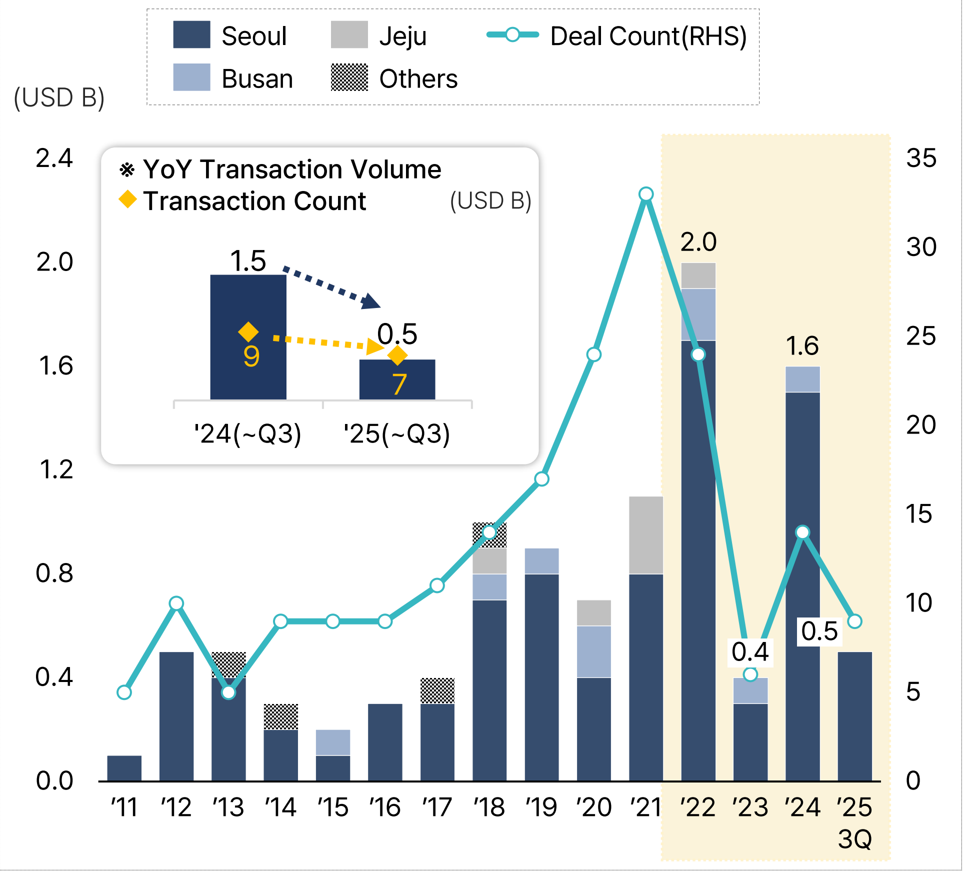
Source: Styleloft, Korea Hotel Association, Korea Tourism Data Lab (Korea Tourism Organization), IGIS Strategic Research Division

2.3. Hotel Sector Trends

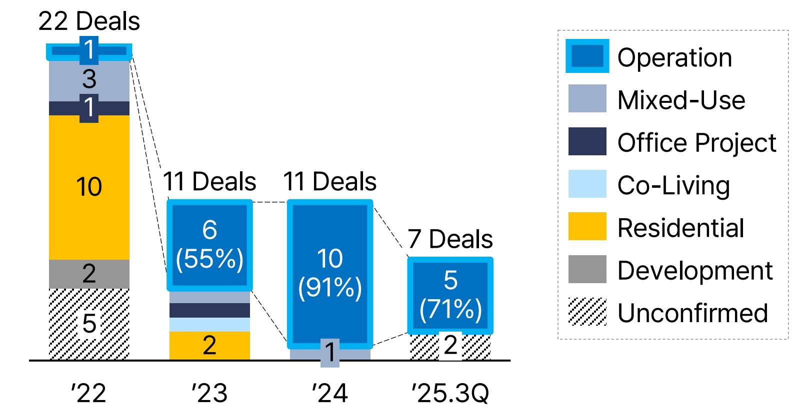
Transaction volume at USD 0.5 billion(-68% YoY), Owner-operator deals dominate(conglomerates/ financial-led), Seoul-regional polarization intensifying.

Transaction Trends

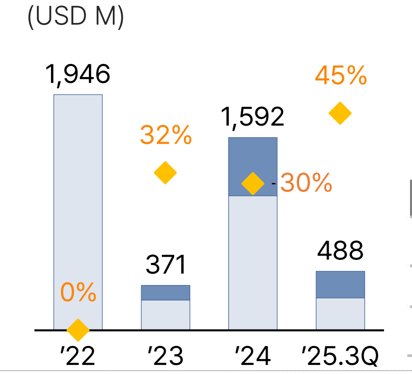
[Transaction Volume]



[by Purchase Purpose]



[by Investor Capital]



Year	Foreign Investors
'23	CDL Hotels Korea, Plenitude
'24	TPG, ARA, ICG
'25	M&G Real Estate, GS

Transaction Activity Highlights

Operational Purpose Acquisitions

- Four Points Myeongdong
- Courtyard Marriott Namdaemun

Regional Demand Polarization

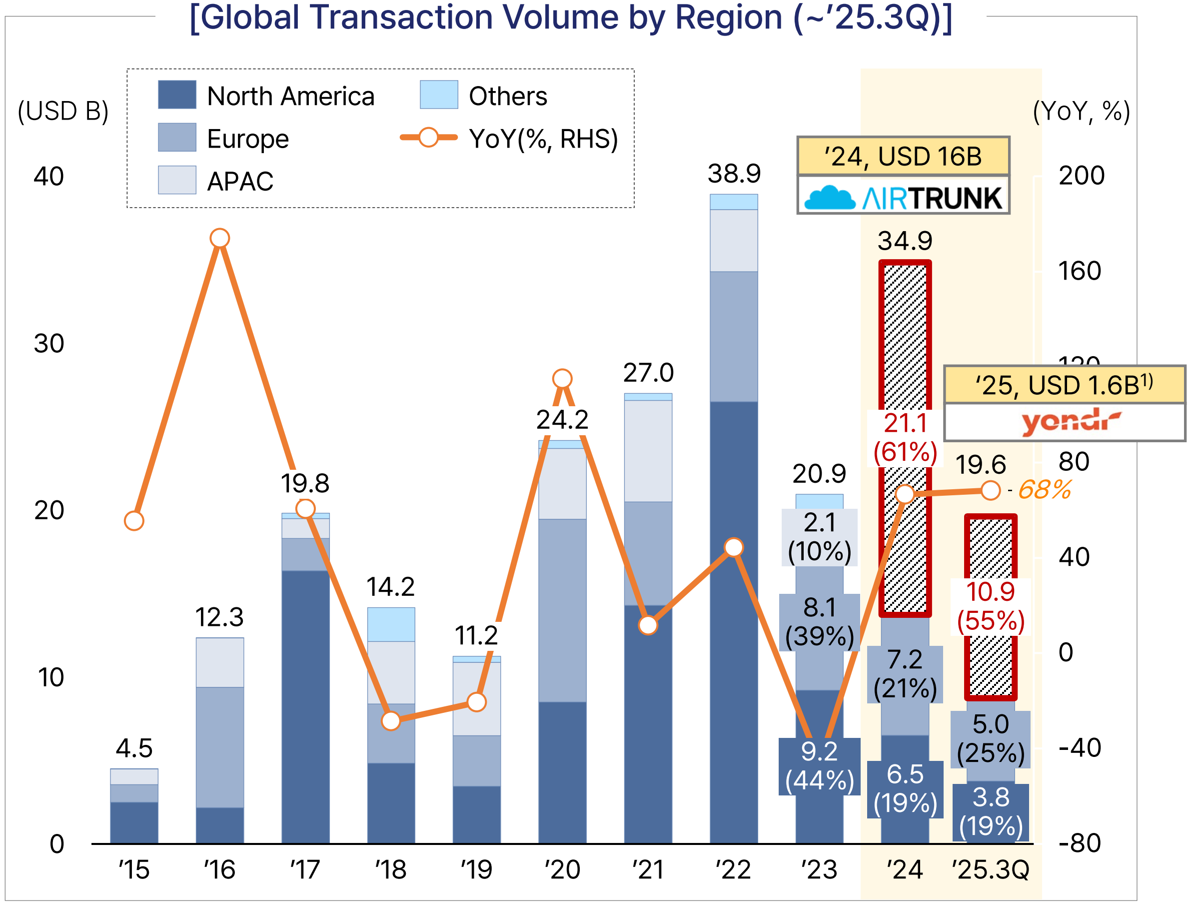
- Seoul core locations recorded high bids price
  - Case: Mercure Ambassador Hongdae
- Regional hotels face disposition challenges from slowed performance

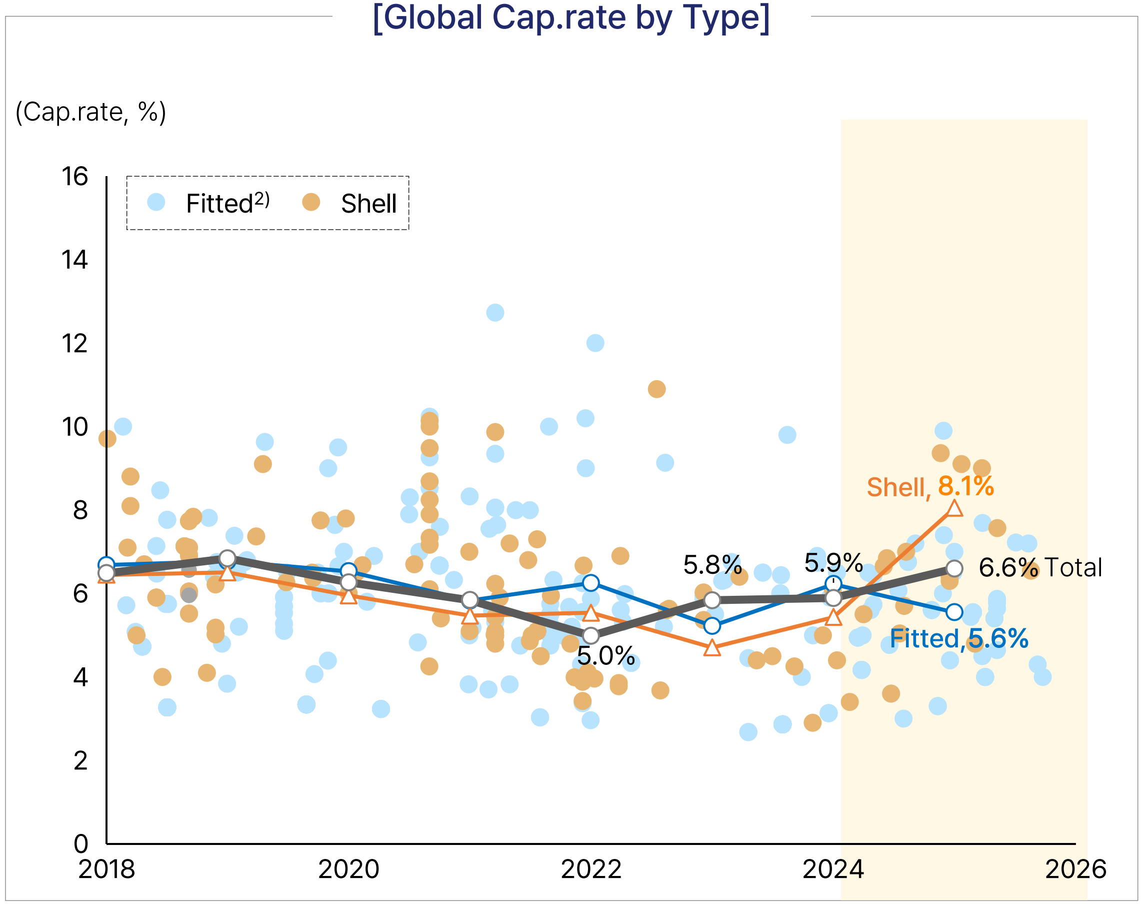
Source: Rsquare, IGIS Strategic Research Division

2.4. Data Center Sector

Global transaction volume USD 19.6 billion (As of '25.3Q), APAC share up to 55%.

Global Transaction





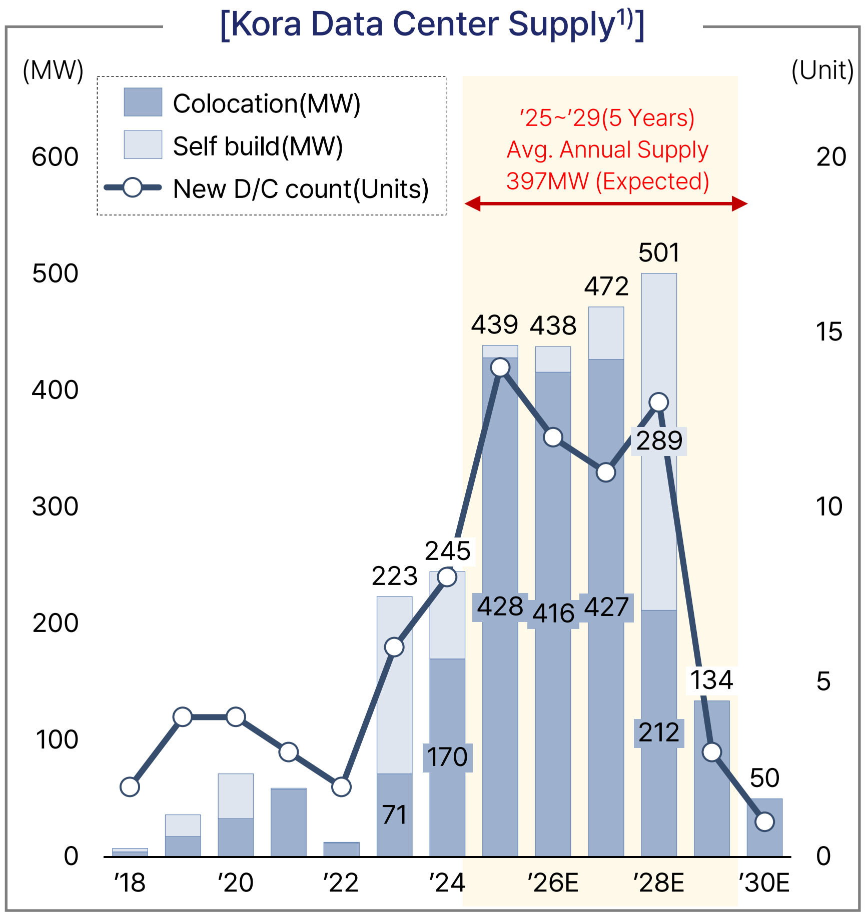
1) Netherlands Hyperscale Data Center Developer/Operator, Digital Bridge and La Caisse Joint Equity Acquisition in Oct '24. Malaysia Johor DC Sold to GIC 2) Fitted: Data Center Core Infrastructure Including Power and Cooling Fully Built. Shell: Building Shell Only Without Internal Infrastructure

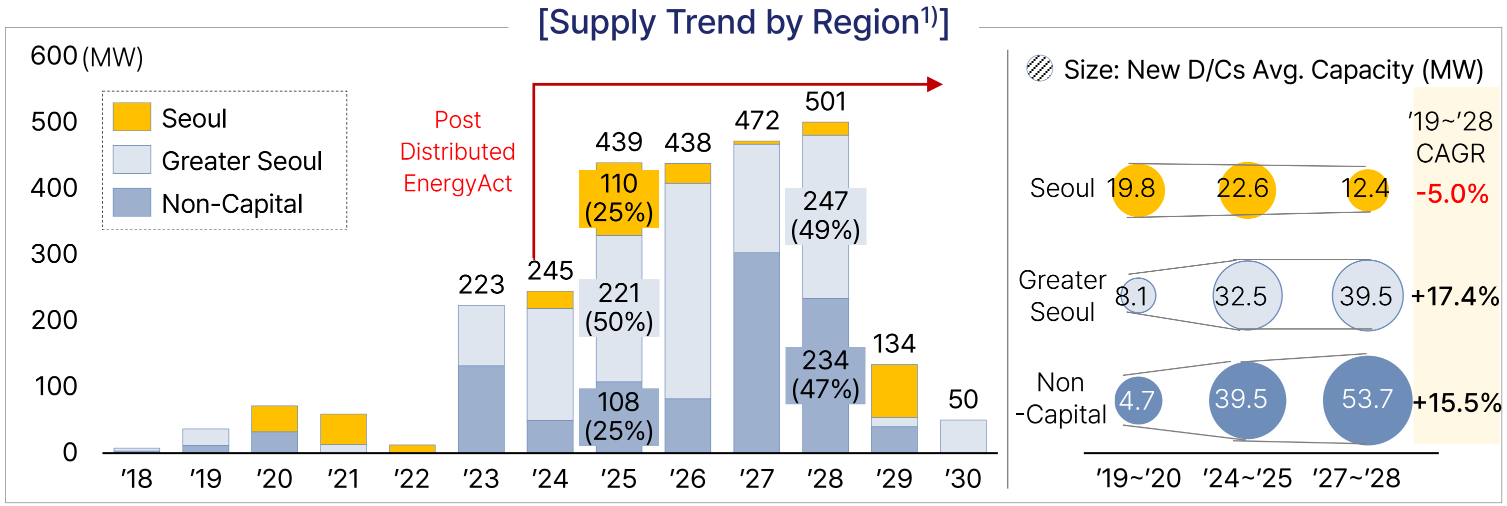
Source: RCA, IGIS Strategic Research Division

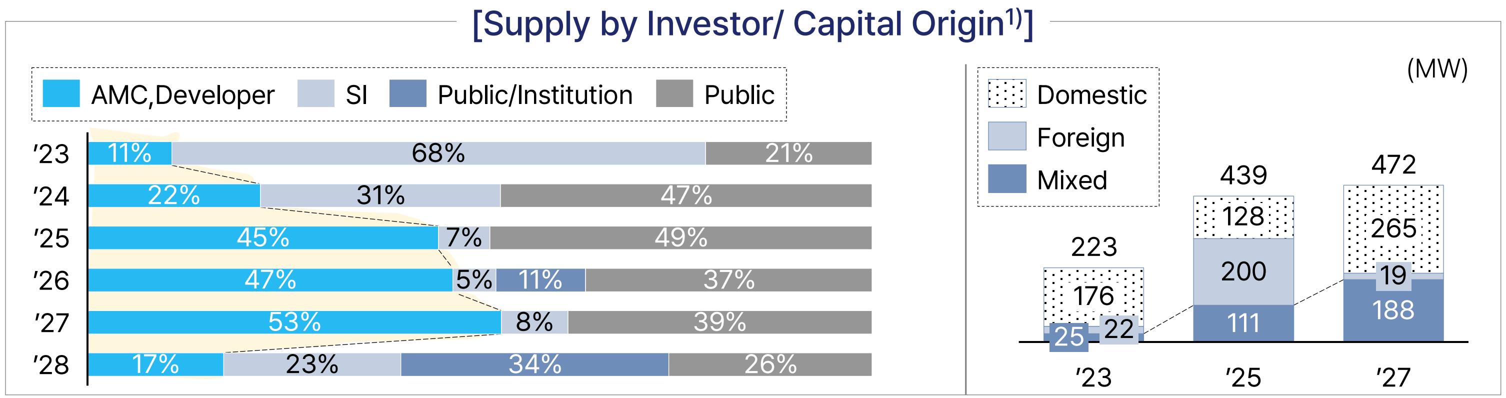
2.4 Data Center Sector Trends

Annual pipeline of 397MW('25-'30) driven by non-Seoul expansion. AMC/Developer dominance continues amid hybrid investment structures with global capital.

Korea Data center Supply







1) As of Sep '25

Source: RCA, IGIS Strategic Research Division

Data centers evolving from traditional enterprise · colocation focus to Hyperscale · AI Factory · HPC · AI Mega Campus with growing AI workloads.

Data Center Roadmap (Demand)

Current level

	Enterprise IT (1980s ~ 2000s)	Internet & Cloud (2000s ~ 2010s)	Hyperscale & Platform (2010s ~ Present)	AI & HPC (2020s ~ Present)	AGI & Ubiquitous AI (Post 2030s)
Primary Users	▪ Traditional Corporate IT Departments	▪ Web Services, Mobile, SaaS[1] Infrastructure	▪ Mega Tech Companies	▪ AI Research/Service corp., HPC Demand Organizations	▪ General AI Operating Companies, National AGI-use
Use Case	▪ Internal Corporate ERP, Traditional IT Workloads	▪ Traffic Surge → External IT Service Utilization. Early CSP Service Emergence (AWS, 2006)	▪ CSP and Global Company Service Scale Expansion, Colocation Level Insufficient → In-house Hyperscale DC	▪ Model Training and Inference. HPC Workload Growth → Needs on Large-scale GPU/ ASIC Clusters	▪ Artificial General Intelligence (AGI) Training and Inference
Capacity	▪ Small-Medium	▪ Medium-Large (Tens of MW)	▪ Hyperscale (Tens to Hundreds of MW)	▪ Hyperscale → Mega scale (Hundreds to Thousands of MW Expansion Discussion)	▪ Mega → GW
D/C Type	▪ Enterprise Datacenter:	▪ Colocation Service (Retail/ Wholesale) ▪ CSP-owned Data Centers	▪ Hyperscale Datacenter ▪ Wholesale Colocation Evolving Toward Hyperscale Single-tenant Focus	▪ AI Factory2) ▪ GPU Farm ▪ Exascale HPC Center	▪ AI-native Mega Campus ▪ Edge-AI Fabric ▪ Autonomous Datacenter
Social Definition	▪ In-house IT Room, Cost Center	▪ External Infrastructure Platform	▪ Platform Economy Core Infrastructure	▪ AI Production Factory	▪ AI Campus

"Data Center Demand Evolves Through Layer Expansion, Not Relocation"

1) SaaS (Software as a Service): Software (Application) Provider: 2) AI Factory: Data Center as a Factory that Produces Artificial Intelligence
Source: IGIS Strategic Research Division

Power · Grid Access · Site Selection are the key bottlenecks in Korea, Projects mitigating these hurdles secure strong premiums giving scarcity value.

Korea Data Center Supply Limitations

Energy/Power

Limited power-source

- Restricted Korea PPA eligibility to renewables; legal prohibition of nuclear PPAs
- Limited land availability; volatile renewables generation profile (solar-heavy)
- Prioritizing KEPCO grid supply constraining on-site microgrid.

Restricted grid expansion

- Requiring hyperscale power intake 24–36 months to secure power connection approval
- Delays in East Coast–Seoul Metro transmission links for surplus power (typically 7~12 years)
- Triggered local opposition from landowners/residents

Site Selection

Permitting and delivery risk

- Scarcity of Seoul Metro sites meeting DC requirements
- Hosting large above-ground facilities
- Seoul Metro overconcentration and power-load pressure, tightening new permitting.

Operation

Value-Chain

- Weaker hardware supply-chain bargaining power
- Focusing on HBM and liquid cooling, leaning toward global supply-chain

Structural Bottleneck Resolution Constrained

Financing Structure

- PF-centric Financing
- Limited rent-based income model

✓ DC site selection as integrated energy-infrastructure underwriting (power, network, permits, community acceptance)

✓ High reliance on power (capacity, transmission/ distribution availability, permitting)

Source: IGIS Strategic Research Division

Expanding government support for digital infrastructure enhances investment climate.

Regulatory Incentives

Incentives for Distributed Energy Special Zones

Definition

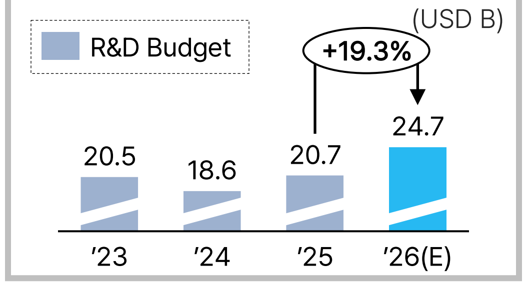
- Special districts for activating distributed power sources[1)]
- Permit DPPA[2)]

- Power-demand-attraction type: Improve power self-sufficiency by distributed energy (for D/C).
- **Supply resource:** Improve power independence.
- **New industry:** Integrated management (VPP[3)]·ESS[4)])

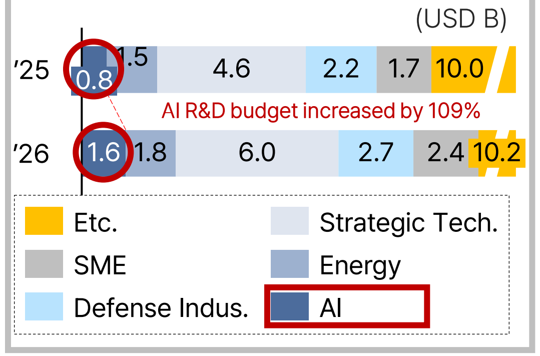
Costs Reduction | Preferential Evaluation | Power Facility Support

Expansion of AI R&D budget

[Government R&D Budget]



[R&D Budget by Industry('25.8)]



Tax reform for Data centers

Special Act on AI Industry ('25.9)

- Establish separate power transaction standards for AI data center

Special Act on AI Data Center ('25.9)

- Simplify permitting: integrated processing
- Timeout system : automatic approval if no response

Tax Reform Plan ('25.7)

- Designation of D/C as national strategic facilities
- Increased tax credits (15–25%)
- Up to 50% tax credit
- Expected to be passed('25.12)

Promoting D/C Investment

- Incentive Provision
- Easing Power Regulation
- Simplify Permitting Procedure
- Tax Deduction ↑

1) Special Act on the Promotion of Distributed Energy(effective Jun. '24), 2) Direct Power Purchase Agreement, 3) Virtual Power Plant, Virtual Power Plant 4) Energy Storage System,
5) Approx. 1.2%p reduction for high-voltage standards, *FX rate based on Hana Bank official posted USD/KRW base rate (3-month avg. as of end Nov. '25): 1,426.71 KRW/USD
Source: Ministry of Trade, Industry and Resources, Major Media, IGIS Strategic Research Division

3. Investment Direction

Broader, longer-term perspectives are essential for strategic opportunity selection.

Continued Uncertainty

Tech-driven Asset Value Redefinition

Preoccupying Structural Changes
- Accelerated AI Transformation
- Growing Opportunities in Distressed Assets

Recalibrating Profitability Model
- Downward Pressure on Profitability
- Asset Aging → Unmet Tenant Needs Rising

Leveraging Capital Market
- Stricter Regulations → CRE Funding Gap Grows
- Increasing Loan Structure Complexity

Cross-Asset Acceleration
- Rising Cross-Sector Integration Needs
- Higher Importance of Development Risk Control

AI Infrastructure Lens Investment

D/C, Advanced Logistics, AI Teach-Ready Office

Resilient Profitability Model

Diversification, Tenant-Focused Solutions

Hybrid Capital Expansion

CRE Funding Gap → Private Debt (Mezz/Preferred/Distressed)

Sector Convergence

Expand Strategic Cross-Sector Investment

Source: IGIS Strategic Research Division

Digital infra-focused cross-asset investment will expand as capital/sector barriers dissolve, redefining value drivers across office, logistics, and new sectors.

H1 2026 Outlook

Digital Infra-focused Cross-Asset Investment Expansion

Office	Logistics	Hotel	New Sectors
• SI-focused HQ monetization/ investment expected to continue • Funding cost pressures persist, sustaining buyer-seller price gap • Prime-focused core investment continues; class B/C refinancing burden and rising vacancy → VA strategy/transactions↑ • AI drives capital inflows and expands AI-ready office demand	• Investment recovery centered on prime assets expected to gradually expand • Logistics NPL deals increasing due to capital constraints • Shared logistics, Tier-1 tenants focus, growing demand for automation-ready locations • Urban logistics center demand continues to expand	• Inbound demand expects to continue rising • Seoul 4/5-star price uptrend would stabilize • Widening luxury–budget rate gap supports rising budget segment demand • Inbound growth, supply shortages, and weak KRW sustain global investor interest and deal flow	• Long-term capital concentrating on AI digital infrastructure (D/C, Advanced Logistics, Office) • Power, permitting, tech shifts reshape infrastructure and CRE investment • Power-secured Seoul Metro D/Cs attract supply and capital • Investment evolving via integration with non-DC infrastructure

Source: IGIS Strategic Research Division

INVESTING IN LASTING VALUES

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