U.S. Real Estate: Positioned for Recovery

U.S. Real Estate Research Quarterly

FEBRUARY 2024

24-3368196

Executive Summary

ECONOMY

- The fourth quarter of 2023 marked the sixth consecutive quarter of declining core real estate values, which are down 20.3% from the peak according to the NFI-ODCE.
- While there is still plenty of uncertainty around the near-term path of inflation with repercussions for monetary policy, the stage is set for real estate transaction activity to re-engage positively at some point in 2024.
- The probability of a U.S. recession has declined from 65% in June 2023 to 50% as of December 2023. Macroeconomic fundamentals have continued to be supportive of nominal rent trends across every property sector except for office.

PROPERTY MARKET

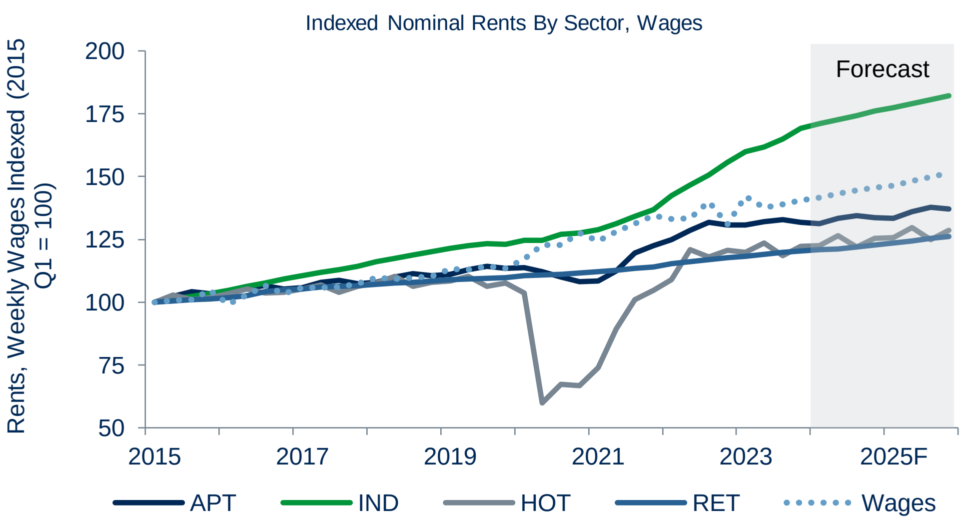
- Real estate debt distress is rising. Unsurprisingly, office comprises the largest share of distressed debt but there are signs of strains in segments of the multifamily market.
- Transaction activity totaled $90 billion in the fourth quarter of 2023, a 41% decline year-over-year. This marks the sixth consecutive quarter of falling transaction activity. For comparison, transaction activity fell for a total of seven quarters between 2007 and 2009.
- Since the end of 2021, composite public REIT share prices have fallen by 44% with significant variation by property type.
- The gap between public and private price trends suggests appraisal values have more to fall although the handful of transactions that are taking place are clearing at well below sellers' book values.

Economic Outlook

The fourth quarter of 2023 marked the sixth consecutive quarter of declining core real estate values, which are down 20.3% from the peak according to the NFI-ODCE. That is the longest, deepest decline in the index value since the 2008-09 Global Financial Crisis (GFC), which registered a 44.2% price decline over eight quarters.[1] It is noteworthy that the current downturn has not been accompanied by a deep, scarring recession as was the case post-GFC. The fourth quarter also brought incremental clarity around the forward path of inflation, economic growth, and the policy rate. While there is still plenty of uncertainty around the near-term path of inflation with repercussions for monetary policy, the stage is set for real estate transaction activity to re-engage positively at some point in 2024.

Estimated real GDP grew at 3.3% SAAR in the fourth quarter, down from 4.9% the prior quarter, but well above its 20-year average of 2.0%.[2] Unemployment, which was 3.7% in December, could rise above 4% but stay below its historical average of 5.9%.[3] Wage growth, which has averaged 5% since 2022, is on pace to grow 3% over the next two years.[4] The U.S. Federal Reserve (Fed) has repeatedly cited demand for workers as an inflationary catalyst, so a softer labor market bolsters the case that the policy rate has peaked. It communicated as much in December, inducing a "sugar rush" in public markets before the realization that an end to monetary tightening does not equate to rates falling quickly. The process takes time. Personal consumption expenditures—estimated to be 2.9% in the fourth quarter—are not projected to reach the Fed's stated target of 2% until late 2025.[5]

FIGURE 1: THOUGH SLOWING, FUNDAMENTALS SUPPORT SLOWING RENT GROWTH



Source: CBRE-EA; Oxford Economics. As of December 31, 2023.

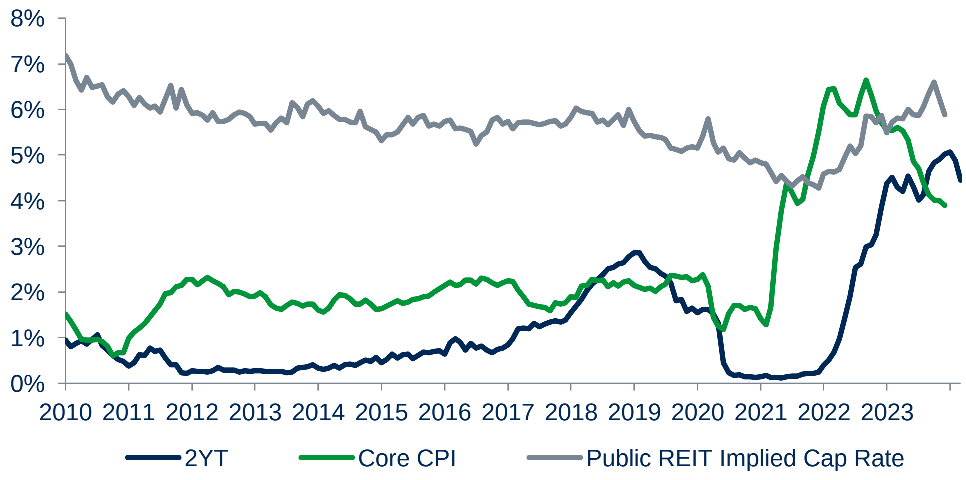
[1] Source: NCREIF. As of December 31, 2023.
[2] Source: FTSE/NAREIT. As of December 31, 2023.
[3] Source: BEA. As of December 31, 2023.
[4] Source: Oxford Economics. As of January 31, 2024.
[5] Source: Ibid.

The probability of a U.S. recession has declined from 65% in June 2023 to 50% as of December 2023 according to Bloomberg consensus. Macroeconomic fundamentals have continued to be supportive of nominal rent trends across every property sector except for office. Inflation has helped rents, and the resiliency of the labor market and consumer spending have backstopped real estate demand even as tighter conditions caused by inflation have sapped property values. It is increasingly unlikely that a recession materializes—but if one does, it is not expected to be deep nor extended.

Much could derail this prescribed path toward inflation and interest rate “normalization”. The armed conflicts in Ukraine and Gaza increasingly appear tragically protracted. Geopolitical tensions are simmering around the globe. The U.S. election is shaping up to be a rematch of the fraught 2020 presidential race. In terms of financial system stability, many of the nation’s regional banks—those with assets between $10 billion and $250 billion—are still squeezed by deposit flight and challenges within their commercial mortgage loan portfolios to which they are overexposed. The shock that hit regional banks in the first quarter of 2023 was contained through emergency liquidity measures, but they remain largely unresolved and that impedes their capacity to provide debt financing. Other capital providers are stepping into the gap.

Those with debt capital to deploy are in no hurry to ratchet down financing costs, although competition to lend on favored sectors or in favored geographies is intensifying. In October, the 10-year Treasury yield reached its highest level in 16 years, touching 5.0% before falling to 3.9% by year end.[6] From 2022 to 2023, transaction activity fell by an estimated 80%, necessitating a painful repricing as required property yields rose.[7] With the policy rate at or near peak, upward pressure on cap rates should ease but by no means are cap rates retreating to their pre-2022 levels. Risk premiums should remain ample to account for the real estate specific risks that could result from continued macroeconomic volatility.

FIGURE 2: UPWARD PRESSURE ON CAP RATES EASES



Source: BLS; Federal Reserve; Green Street. As of December 31, 2023.

[6] Source: Bloomberg Consensus. As of December 31, 2023.

[7] Source: MSCI RCA. As of December 31, 2023.

Real estate debt distress is rising. MSCI RCA estimated that cumulative real estate debt distress across major property types reached $86 billion, the highest level in a decade.[8] Unsurprisingly, office comprises the largest share of distressed debt. CMBS delinquency rates for office have reached their highest level since 2012 and are likely to continue to rise even as the transaction market begins to thaw. However, distress is building across other property sectors. Potential distress has reached $216 billion—up from $160 billion the prior quarter with 30% of potential distress composed of apartment properties.[9]

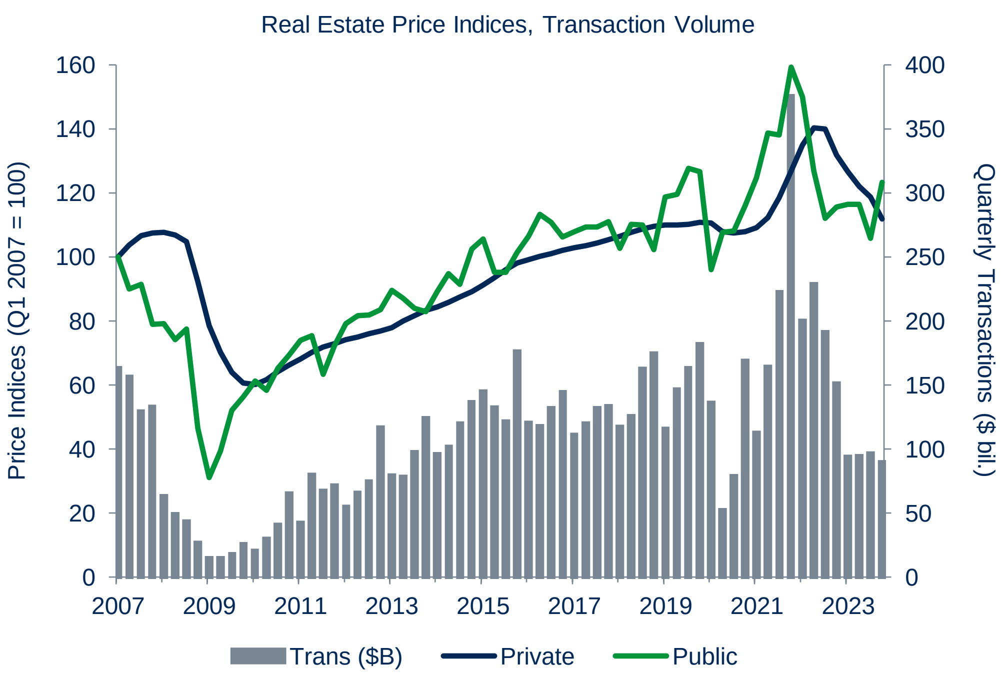
[8] Source: MSCI RCA. As of December 31, 2023.
[9] Source: MSCI RCA. As of December 31, 2023.

Capital Markets

Transaction activity totaled $90 billion in the fourth quarter of 2023, a 41% decline year-over-year (Figure 3). All major property types saw meaningfully lower sales activity compared to the year prior. Apartment transactions were down by 50%, office down 32%, industrial down 43%, and retail down 31%. This marks the sixth consecutive quarter of falling transaction activity. For comparison, transaction activity fell for a total of seven quarters between 2007 and 2009.

Since the end of 2021, composite public REIT share prices have fallen by 44% with significant variation by property type (Figure 3). As mentioned earlier, the NFI-ODCE fund index value has fallen by 20.3%. The gap between public and private price trends suggests appraisal values have more to fall although the handful of transactions that are taking place are clearing at well below sellers' book values.

FIGURE 3: TRANSACTIONS REMAIN AT A BOTTOM, PUBLIC VS. PRIVATE PRICE TRENDS



Source: Bloomberg; MSCI RCA; NFI ODCE. As of December 31, 2023.

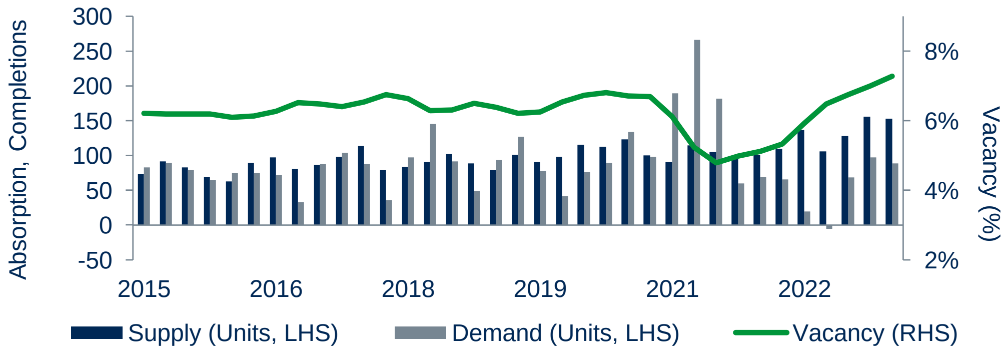
Property Markets

APARTMENT

U.S. apartment vacancy rates increased 30 basis points (bps) quarter-over-quarter to 7.6% in the fourth quarter of 2023 despite solid leasing activity, while rent growth decelerated to 0.9% year-over-year given elevated deliveries.[10] The new supply is generally concentrated in Southern markets—particularly for the higher-end segment—that experienced significant net in-migration in recent years. Other regions such as the Midwest and Northeast have recorded lower construction activity and stronger rent growth. For example, asking and effective rents increased in the range of 2.1% to 2.7% year-over-year in Boston, Indianapolis, and Columbus compared to 2.0% to 6.0% declines in Austin, Phoenix, and Nashville.[11] However, multifamily completions are expected to peak in 2024 and new starts are down 70% from the high reached in 2022 due to increased building costs, higher rates, and elevated deliveries.[12]

Nearer-term supply headwinds create investment opportunities, particularly as new deliveries are relatively well matched to markets with higher population growth forecasts. Market participants note increased challenges for smaller developers and highly levered owners that may need external financing to stabilize capital structures or sell assets. The broader residential rental market—multifamily and single family—continues to benefit from longer-term structural factors. For example, there have been approximately 4.7 million more households formed than housing units added since 2010 based on Barings analysis.[13] This supply-demand imbalance, along with higher mortgage rates, has resulted in homeownership affordability issues as the median mortgage payment increased to $2,137 per month in November 2023 compared to $1,320 in April 2021.[14] These challenges are anticipated to persist as demographics age. For instance, a recent Harvard JCHS analysis found Gen Z is larger than the Millennial generation at similar ages, supporting increased future demand for rental housing.

FIGURE 4: VACANCY RATES CONTINUED TO INCREASE AS NEW SUPPLY TOPS DEMAND



Source: CoStar. As of December 31, 2023.

---

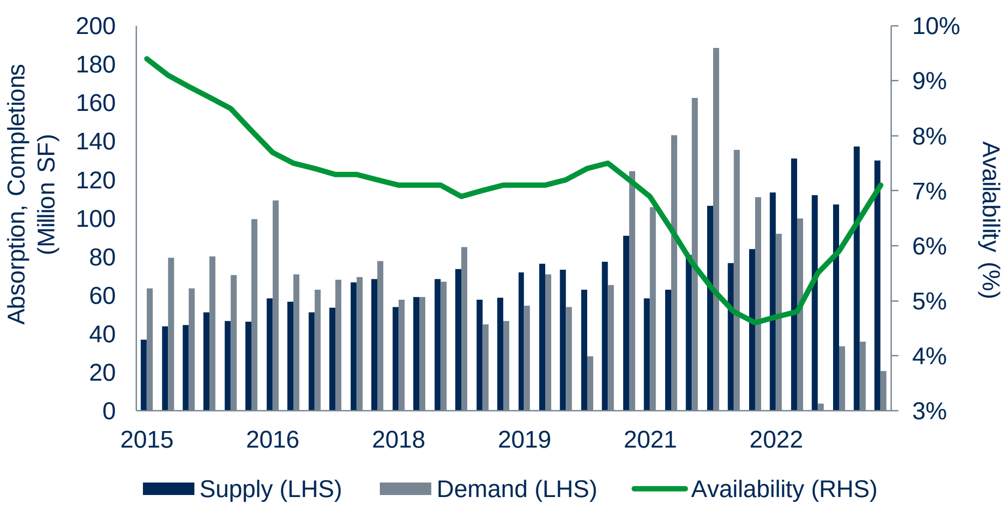
[10] Source: CoStar. As of December 31, 2023.
[11] Source: CoStar. As of December 31, 2023.
[12] Source: Census Bureau; Ferderal Reserve; CBRE. As of December 31, 2023.
[13] Source: Barings Tabulations of Census Bureau data. As of December 31, 2023.
[14] Source: Mortgage Bankers Association. As of November 30, 2023.

INDUSTRIAL

Similar to the apartment sector, new industrial supply has outpaced demand and pushed the availability rate up 60 bps quarter-over-quarter to 7.1% as of the fourth quarter of 2023 (Figure 5). However, the slowdown represents a nearer-term post-pandemic normalization rather than a longer-term concern as demonstrated by a 6.5% year-over-year increase in rents.[15] New deliveries are expected to lead vacancy rates higher through the first half of 2024, as 84% of new deliveries are speculative-space[16], before an occupancy recovery as construction slows. For example, new starts are currently 65% below their cycle high based on CBRE EA data. Tertiary markets, smaller sized properties (<200,000 SF), and cold storage appear better able to navigate nearer-term market softness given most new supply has been focused on institutional markets and larger warehouse and distribution space.

Although industrial absorption remained positive in the fourth quarter, new leasing cooled as many tenants previously procured their real estate needs or remain cautious on the economic outlook and consumer spending. However, secular changes beyond continued e-commerce adoption will drive long-term industrial demand. Companies are increasingly focused on supply chain resiliency from geopolitical, environment, and other risks. For example, trade volume through the Suez Canal has declined about 40% given security concerns while goods shipped through the Panama Canal have dropped by roughly 30% due to low water levels.[17] In addition, significant federal and state government programs improve the economics of companies near-shoring and re-shoring their operations. Although many geographies may benefit, those with physical and social infrastructure, such as skills training, to sustain increased economic activity and support populations are better positioned to succeed.

FIGURE 5: AVAILABILITY RATES ARE NEARING PRE-PANDEMIC LEVELS ON NEW SUPPLY



Source: CBRE-EA. As of December 31, 2023.

[15] Source: CBRE EA. As of December 31, 2023.
[16] Construction without an in-place tenant in place. Source: C&W. As of December 31, 2023.
[17] Source: The Economist, IMF, Panama Canal Authority. As of December 31, 2023.

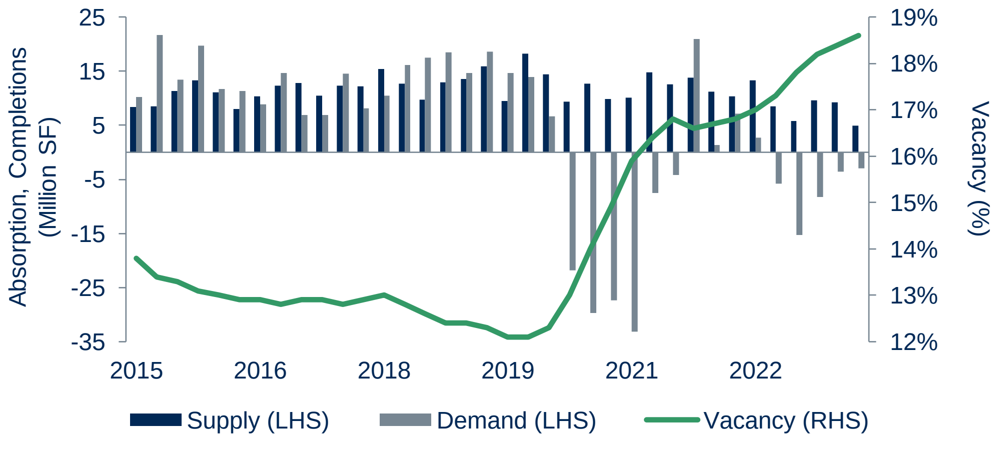
OFFICE

U.S. office vacancy rates rose another 20 bps quarter-over-quarter to 18.6% in the fourth quarter of 2023 (Figure 6). This marks the highest level since the Savings and Loan Crisis (S&L Crisis) of the late 1980s and early 1990s. There are important differences between then and now (such as more economically aligned tax policy, stronger banking system regulations, and the absence of a recession to date), but there are also similarities. For example, both periods are challenged by excess supply, though the S&L Crisis was largely due to new construction, whereas obsolescence risk related to existing inventory is the challenge of today. Property quality and location are critical in the current environment as buildings delivered since 2015 have recorded 127 million SF of positive net absorption since the second quarter of 2020, compared to 370 million SF of negative net absorption for offices built before 2015.[18]

However, there are signs of modest improvement based on a lower amount of sublease additions and an increased number of tenants in the market. Nonetheless, it remains a tenant advantaged market as asking rent growth was muted at 0.4% year-over-year while tenant improvement packages have only declined 5%.[18] In addition, leasing demand is stronger for owners that can continue to offer robust funding for buildouts as part of their leasing concessions based on JLL analysis.

The office sector's challenges are made more difficult by capital markets given the higher base rates and tighter lending conditions. For example, office mortgage origination volumes[19] declined about 70% compared to two years ago while office CMBS delinquency rates increased to 5.82% in December, up from 1.58% a year ago.[20] These challenges create opportunities for investors with available capital to purchase properties at a significant discount as debt comes due, particularly higher LTV loans (there is an estimated $106B in office debt due that matures in 2024 with an 80% or greater LTV). [21]

FIGURE 6: OFFICE VACANCY RATES REACHED THEIR HIGHEST LEVEL SINCE 1992



Source: CBRE-EA. As of December 31, 2023.

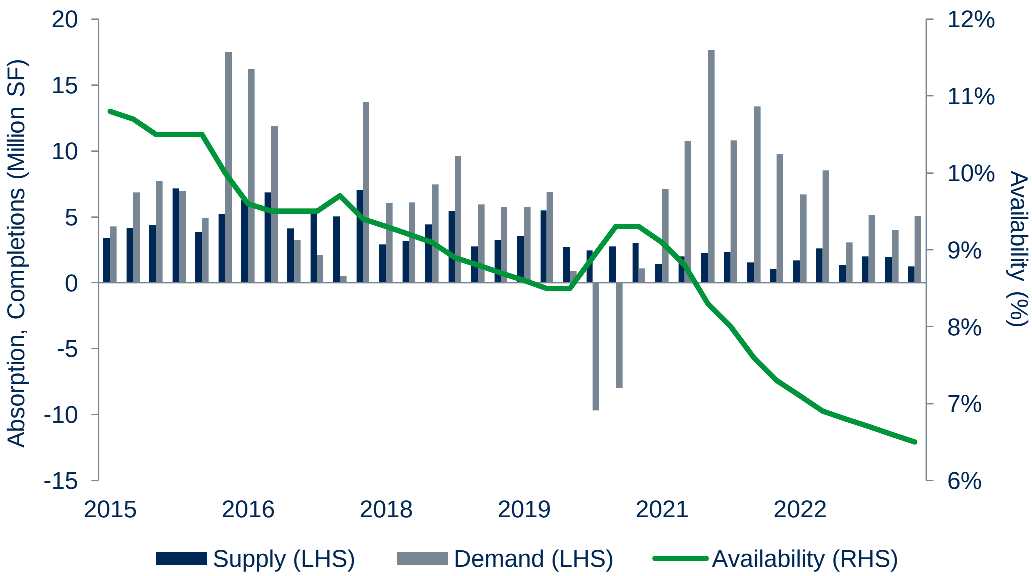
[18] Source: JLL. As of December 31, 2023.
[19] Source: Mortgage Bankers Association. As of September 30, 2023.
[20] Source: Trepp (30+ days past due). As of December 31, 2023.
[21] Source: Newmark. As of June 30, 2023.

RETAIL

The retail neighborhood and community shopping center (N&CS) sector continued to tighten in the fourth quarter as vacancy rates reached a new record low of 6.5% and rents increased 2.5% year-over-year (Figure 7). Although supply-demand dynamics favor new development, construction activity remains relatively low from a historical perspective despite 900 net retail store openings in full year 2023[22] (N&CS completions were the second lowest on record in the fourth quarter). Retailers cite a lack of quality available real estate—and companies such as Burlington Stores note their best recently opened locations were in space previously occupied by now bankrupt companies rather than new property deliveries.

The resilient labor market has driven consumer consumption while wage growth has exceeded price increases in recent months, improving purchasing power. In addition, there are retail markets with strong population growth that are more insulated from inflation. For example, consumers in the South tend to have higher shares of homeownership and metro areas with falling rental housing costs, which may provide consumers in these markets with additional funds for discretionary spending.[23] However, certain consumer segments are strained, particularly 18-39 year olds, as credit card and auto loan delinquency rates increased while student loan payments have resumed.[24] Nonetheless, the N&CS sector's strength is set to continue given their retail offerings, limited supply, and modest development pipeline.

FIGURE 7: N&CS VACANCY RATES REACHED A RECORD LOW ON CONSTRAINED SUPPLY



Source: Barings; CBRE-EA. As of December 31, 2023.

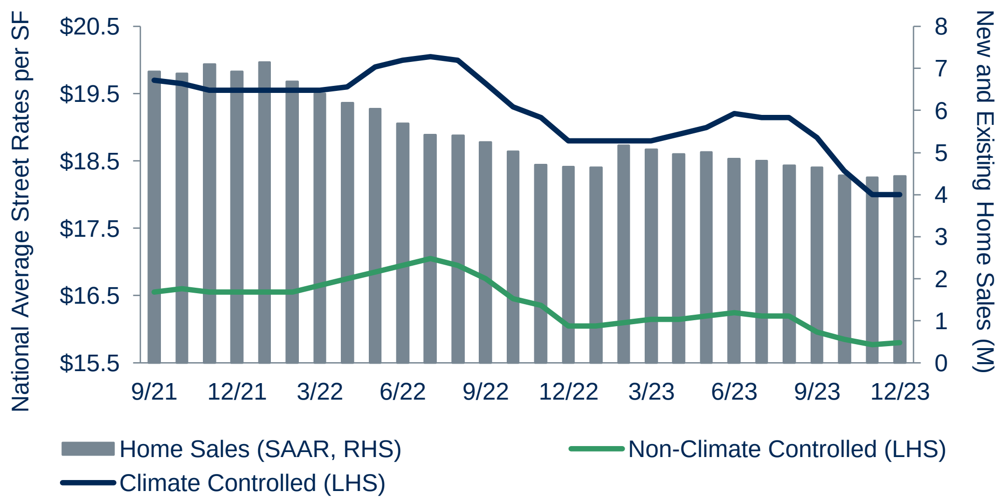
[22] Source: Coresights Research. As of December 31, 2023.
[23] Source: Census Bureau. As of December 31, 2023.
[24] Source: Federal Reserve Bank of New York; Equifax. As of September 2023.

SELF-STORAGE

U.S. self-storage rents have declined about 9% from their peak reached in July 2022, but there were signs of stabilization in December as rates were essentially unchanged month-over-month (Figure 8). The lower rental rates have supported consumer affordability as the cost to rent space as a percentage of income declined to 1.9%, compared to a pre-pandemic average of 2.0%.[25] Move-in activity has been muted due to the seasonally slow fall and winter months while new home sales, a key source of demand, has declined. For example, new and existing home sales recently declined to their lowest level since September 2011 (Figure 8).

Although new supply will remain a challenge in markets such as Phoenix, Las Vegas, Orlando, and Tampa, new construction is expected to slow in 2024 given tighter credit availability and slow lease-up activity. For instance, the national self-storage development pipeline declined 10 bps month-over-month to 3.7% of net rentable SF as of January 2024 and would have declined further, but certain projects are taking longer than expected to complete.[26] According to Green Street, new supply is projected to decline 90 bps in full year 2024 and 40 bps in 2025, providing additional support to the market.

FIGURE 8: SELF-STORAGE RENTS NORMALIZE FOLLOWING PANDEMIC RECORD HIGHS



Source: NAR; Census Bureau; Yardi Matrix; Federal Reserve. As of December 31, 2023.

[25] Source: Green Street. As of December 5, 2023.

[26] Source: Yardi Matrix. As of December 31, 2023.

SUMMARY

The current real estate downturn was precipitated by a global repricing of risk in the form of tighter monetary policy. The preponderance of data supports the view that economic activity and inflation are slowing. Central banks can acknowledge that policy rates are at or near a peak. Upward pressure on cap rates is easing, but interest rates are unlikely to return to their pre-2022 levels any time soon. There is still too much uncertainty coupled with a resilient economy that warrants vigilance around a resurgence in wages and prices. But following six quarters of declining transaction activity, the prospect that sales volume will soon stabilize and then start to pick up modestly is solidifying. Taken in isolation, the fourth quarter of 2023 marked another tough quarter for values, but when considering the substantial correction in real estate prices and profound pull back in liquidity to this point, an inflection appears closer than before.

About the Team

BRE's research team efforts are led by Dags Chen in the U.S. and Paul Stewart in Europe. The research team is structured by sector and geographic expertise. The team's diverse backgrounds include appraisal, legal, technological and academic applications across multiple asset-classes, across buy and sell-side shops in markets around the globe. The real estate research team is complemented by an analytics function enhancing the team's ability to collect, augment and analyze data to inform better decision making.

Dags Chen, CFA

Head of U.S. Real Estate Research & Strategy

Lincoln Janes, CFA

Director

Important Information

Any forecasts in this document are based upon Barings opinion of the market at the date of preparation and are subject to change without notice, dependent upon many factors. Any prediction, projection or forecast is not necessarily indicative of the future or likely performance. Investment involves risk. The value of any investments and any income generated may go down as well as up and is not guaranteed. Past performance is no indication of current or future performance. PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. Any investment results, portfolio compositions and or examples set forth in this document are provided for illustrative purposes only and are not indicative of any future investment results, future portfolio composition or investments. The composition, size of, and risks associated with an investment may differ substantially from any examples set forth in this document. No representation is made that an investment will be profitable or will not incur losses. Where appropriate, changes in the currency exchange rates may affect the value of investments. Prospective investors should read the offering documents, if applicable, for the details and specific risk factors of any Fund/Strategy discussed in this document. For Professional Investors / Institutional Investors only. This document should not be distributed to or relied on by Retail / Individual Investors. Barings LLC, Barings Securities LLC, Barings (U.K.) Limited, Barings Global Advisers Limited, Barings Australia Pty Ltd, Barings Japan Limited, Barings Real Estate Advisers Europe Finance LLP, BREAE AIFM LLP, Baring Asset Management Limited, Baring International Investment Limited, Baring Fund Managers Limited, Baring International Fund Managers (Ireland) Limited, Baring Asset Management (Asia) Limited, Baring SICE (Taiwan) Limited, Baring Asset Management Switzerland Sarl, and Baring Asset Management Korea Limited each are affiliated financial service companies owned by Barings LLC (each, individually, an "Affiliate"), together known as "Barings." Some Affiliates may act as an introducer or distributor of the products and services of some others and may be paid a fee for doing so.

NO OFFER: solicitation for the purchase or sale of any financial instrument or service in any jurisdiction. The material herein was prepared without any consideration of the investment objectives, financial situation or particular needs of anyone who may receive it. This document is not, and must not be treated as, investment advice, an investment recommendation, investment research, or a recommendation about the suitability or appropriateness of any security, commodity, investment, or particular investment strategy, and must not be construed as a projection or prediction.
In making an investment decision, prospective investors must rely on their own examination of the merits and risks involved and before making any investment decision, it is recommended that prospective investors seek independent investment, legal, tax, accounting or other professional advice as appropriate.
Unless otherwise mentioned, the views contained in this document are those of Barings.

These views are made in good faith in relation to the facts known at the time of preparation and are subject to change without notice. Individual portfolio management teams may hold different views than the views expressed herein and may make different investment decisions for different clients. Parts of this document may be based on information received from sources we believe to be reliable. Although every effort is taken to ensure that the information contained in this document is accurate, Barings makes no representation or warranty, express or implied, regarding the accuracy, completeness or adequacy of the information.

These materials are being provided on the express basis that they and any related communications (whether written or oral) will not cause Barings to become an investment advice fiduciary under ERISA or the Internal Revenue Code with respect to any retirement plan, IRA investor, individual retirement account or individual retirement annuity as the recipients are fully aware that Barings (i) is not undertaking to provide impartial investment advice, make a recommendation regarding the acquisition, holding or disposal of an investment, act as an impartial adviser, or give advice in a fiduciary capacity, and (ii) has a financial interest in the offering and sale of one or more products and services, which may depend on a number of factors relating to Barings' business objectives, and which has been disclosed to the recipient.

OTHER RESTRICTIONS: The distribution of this document is restricted by law. No action has been or will be taken by Barings to permit the possession or distribution of the document in any jurisdiction, where action for that purpose may be required.
Accordingly, the document may not be used in any jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations.
Any service, security, investment or product outlined in this document may not be suitable for a prospective investor or available in their jurisdiction. Any information with respect to UCITS Funds is not intended for U.S. Persons, as defined in Regulation S under the U.S. Securities Act of 1933, or persons in any other jurisdictions where such use or distribution would be contrary to law or local regulation.
INFORMATION: Barings is the brand name for the worldwide asset management or associated businesses of Barings. This document is issued by one or more of the following entities:
Barings LLC, which is a registered investment adviser with the Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940, as amended (Barings LLC also relies on section 8.26 of NI 31-103 (international adviser exemption) and has filed the Form 31-103F2 in Ontario, Quebec, British Columbia, Alberta, Nova Scotia, Manitoba, New Brunswick, Newfoundland and Labrador, Prince Edward Island and Saskatchewan); Barings Securities LLC, which is a registered limited purpose broker-dealer with the Financial Industry Regulatory Authority (Baring Securities LLC also relies on section 8.18 of NI 31-103 (international dealer exemption) and has filed the Form 31-103F2 in Ontario, Quebec, British Columbia, Alberta, Nova Scotia, Manitoba, New Brunswick, Newfoundland and Labrador, Prince Edward Island and Saskatchewan);

Barings (U.K.) Limited, which is authorized and regulated by the Financial Conduct Authority in the United Kingdom (Ref No. 194662) and is a Company registered in England and Wales (No. 03005774) whose registered address is 20 Old Bailey, London, EC4M 7BF.

The document is for informational purposes only and is not an offer or Barings Global Advisers Limited, which is authorized and regulated by the Financial Conduct Authority in the United Kingdom (Ref No. 552931) and is a Company registered in England and Wales (No. 07622519) whose registered address is 20 Old Bailey, London, EC4M 7BF and is a registered investment adviser with the SEC; Baring Asset Management Limited, which is authorized and regulated by the Financial Conduct Authority in the United Kingdom (Ref No. 170601) and is a Company registered in England and Wales (No. 02915887) whose registered address is 20 Old Bailey, London, EC4M 7BF; Baring International Investment Limited, which is authorized and regulated by the Financial Conduct Authority in the United Kingdom (Ref No. 122628), and is a Company registered in England and Wales (No. 01426546) whose registered address is 20 Old Bailey, London, EC4M 7BF, is a registered investment adviser with the SEC (Baring International Investment Limited also relies on section 8.26 of NI 31-103 (international adviser exemption) and has filed the Form 31-103F2 in Quebec and Manitoba;
Barings Real Estate Advisers Europe Finance LLP, which is authorized and regulated by the Financial Conduct Authority in the United Kingdom (Ref No. 401543); or
BREAE AIFM LLP, which is authorized and regulated by the Financial Conduct Authority in the United Kingdom (Ref No. 709904);

Baring Fund Managers Limited, which is authorized as a manager of collective investment schemes with the Financial Conduct Authority in the United Kingdom and is authorized as an Alternative Investment Fund Manager in several European Union jurisdictions under the Alternative Investment Fund Managers Directive (AIFMD) passport regime;

Baring International Fund Managers (Ireland) Limited), which is authorized as an Alternative Investment Fund Manager in several European Union jurisdictions under the Alternative Investment Fund Managers Directive (AIFMD) passport regime and, since April 28, 2006, as a UCITS management company with the Central Bank of Ireland;
Baring Asset Management Switzerland Sàrl, which is authorized by the Switzerland Financial Market Supervisory Authority to offer and/or distribute collective capital investments;

Barings Australia Pty Ltd (ACN 140 045 656), which is authorized to offer financial services in Australia under its Australian Financial Services License (No: 342787) issued by the Australian Securities and Investments Commission;

Baring Asset Management (Asia) Limited, which is licensed by the Securities and Futures Commission of Hong Kong to carry on regulated activities Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) in Hong Kong in accordance with the requirements set out in the Securities and Futures Ordinance (Cap 571);

Barings Japan Limited, which is registered as a Financial Business Operator (Registration No. 396-KLFB) for Type II Financial Instruments Business, Investment Advisory and Agency Business, and Investment Management Business with the Financial Services Agency in Japan under the Financial Instruments and Exchange Act (Act No. 25 of 1948);Baring SICE (Taiwan) Limited, an independently operated business (Business license number: 2008 FSC- SICE- Xin- 030; Address: 21 F, No.333, Sec. 1 Keelung Road, Taipei 11012; Taiwan Contact telephone number: 0800 062 068); or
Baring Asset Management Korea Limited, which is authorized by the Korean Financial Services Commission to engage in collective investment business and is registered with the Korean Financial Services Commission to engage in privately placed collective investment business for professional investors, discretionary investment business and advisory business.